

## For Information Only

### Social Housing Revitalization Resources

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#### Resolution

For Information Only

#### Relationship to the Strategic Plan / Health Impact Assessment

The appendices attached to the report support the City of Greater Sudbury Social Housing Revitalization Plan report. This report supports Council's Strategic Plan in the area of Quality of Life and Place as it aligns with the Population Health Priority of Housing, Holistic Health and Age Friendly Strategy. The Social Housing Revitalization Plan will better align the demand with supply as well as address the need to improve poor building conditions.

#### Report Summary

The appendices attached to the report support the City of Greater Sudbury Social Housing Revitalization Plan report. The report brings forward recommendations related to the Social Housing Revitalization Plan that Housing Services and Housing Operations have developed in consultation with N. Barry Lyon Consultants Limited.

#### Financial Implications

There are no direct financial implications associated with this report. Future financial implications will be identified and addressed through various funding mechanisms identified in the provincial Community Housing Renewal Strategy, the federal National Housing Strategy, as well as the Social Housing Capital Reserve Fund.

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The City of Greater Sudbury

## **EOA and Legislative Requirements**

Background Report

N. BARRY LYON CONSULTANTS LIMITED

JANUARY 2018

# EOA and Legislative Requirements Background Report

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*The conclusions contained within this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.*

*This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.*

## 1.0 Introduction

N. Barry Lyon Consultants Limited has been retained by the City of Greater Sudbury (CGS) to develop a Social Housing Portfolio Revitalization Plan, which aims to develop a range of strategies designed to regenerate and optimize the aging social housing stock. As the first step of the revitalization plan, this background report provides an overview of the legislative framework governing social housing projects in Ontario, the factors that could impact current funding and administrative obligations, as well as other considerations that could impact revitalization efforts.

The City of Greater Sudbury has a total of 4,738 affordable housing units within its funding and administration envelope. These units were developed under a wide range of legacy social housing programs led by the federal and/or provincial government. Projects developed under each program varies widely in terms of their funding source and mechanisms, level of subsidy committed, housing providers, target tenants, and depth of affordability. When they were initially developed, operating agreements were signed between the housing providers and the funding agency (i.e. the federal or provincial governments) that outlined the funding and subsidy commitments, as well as the conditions and obligations that must be fulfilled by the housing providers. These agreements are set with an expiry date, which are typically tied to the terms of the original financing vehicles, ranging from 35-year private mortgages to 50-year debentures.

Subsidy commitments from senior levels of government were designed to terminate in conjunction with the expiry of debentures/mortgages at the end of operating agreements (EOA). However, since the 1990s there have been major changes to the social housing legislative environment, resulting in significant impacts on funding sources and responsibilities of the different parties involved. These impacts depend on the legacy social housing programs under which projects were developed originally, and some of those impacts are expected to extend beyond the discharge of the original debentures/mortgages of the projects. These factors could all have a bearing on the revitalization potential of individual projects.

With the purpose of establishing an understanding of the legislative framework that regulates the existing social housing stock, the potential impacts of EOA, and any resulting challenges/opportunities relating to revitalization efforts, the report has been structured as follows:

**Section 2.0:** Review of legacy programs that delivered social housing supply in Ontario

**Section 3.0:** Summary of the Social Housing Portfolio of the City of Greater Sudbury

**Section 4.0:** Review of current legislative framework that governs social housing projects

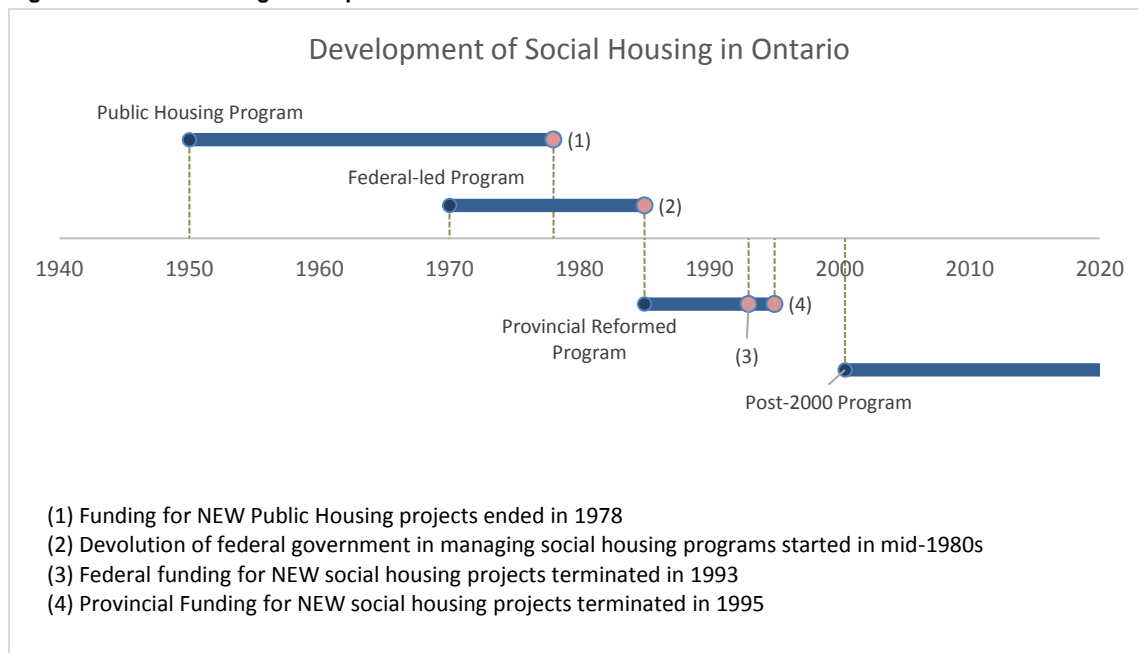
**Section 5.0:** Discussion on the impact of the expiry of agreements and existing legislation framework on revitalization efforts



## 2.0 Background of Social Housing Developments

The four decades following the end of the Second World War was the golden era for social housing construction across Canada, stimulated by various funding programs offered by senior levels of government. These programs had different objectives and varied greatly in terms of financing tools, the depth of affordability targeted, subsidy mechanisms and lengths, as well as program requirements that housing providers must fulfill. The following section provides a brief history of the social housing development in Canada and Ontario, with the purpose of introducing these funding programs, as well as the key players and legislation related to the creation, administration, and operation of the social housing projects. **Figure 1** shows a brief timeline of housing programs offered at different stages. **Table 1**, at the end of this section, summarizes key information in the following discussion.

**Figure 1 – Social Housing Development Timeline**



### 2.1 Public Housing Era (1950-1973)

In early postwar years, the federal government played a dominant role in housing policy. The 1949 amendment to the National Housing Act (NHA) created a small public housing program that provided capital financing and operating subsidies, each shared 75/25 by the federal and provincial governments respectively. In the following decade, propelled by an economic boom and social welfare movement, the federal government furthered its investments in social housing through the 1964 amendments to the NHA, which authorized CMHC to offer loans up to 90% of the capital costs, plus 50% of the operating costs for up to 50 years. The increased federal investments in housing had significant uptake from the provinces. Provincial housing corporations were created at that time to efficiently deliver and manage social housing projects. With the initial intention of meeting the housing requirements of those in the greatest need, social housing stock created in this

period are 100% Rent-Geared-to-Income (RGI) units, and are generally referred to as the “Public Housing” program. Starting in 1973, social housing construction in Canada was shifted from public housing to non-profit/co-operative housing models, and in 1978 programs to fund new public housing was terminated.

## 2.2 Federal-Led Program Era (1973-1985)

Starting in the early 1970s, with further amendments to the NHA, a new funding model was introduced to encourage the participation of more housing providers. Since this time, new social housing created across the country has largely been in the following two categories:

- Non-profit Housing: initiated, operated, and owned by sponsor groups such as municipalities, church organizations, and ethnic groups under a variety of federal and provincial programs.
- Co-operative Housing: built under a variety of federal and provincial programs. Owned and operated by their occupant members.

To assist the construction of non-profit and co-operative projects, The Central Mortgage and Housing Corporation (CMHC)<sup>1</sup> offered various financing programs (referred to as “federal-led programs” in this report) in the 1970s under different sections of the NHA (see **Table 1**). The federal-led programs in the early 1970s typically offered favourable loans that covered 100% of the project capital costs with no ongoing annual subsidy. The late 1970s programs featured guaranteed mortgages through private lenders, with an annual 2% interest rate write-down subsidy<sup>2</sup>.

Although most federal-led projects do not receive an operating subsidy, there are two subcategories of federal-led programs that are offered operating assistance in addition to the 2% write-down payment:

- Urban Native Programs - In 1983, CMHC introduced the Urban Native Additional Assistance (UNAA) to cover the gap between the 2% write-down subsidy and additional eligible operating costs.
- Municipal Non-Profit Programs – these projects are subsidized based on an indexed revenue / cost, or actual revenue / cost, whichever is less.

In the 1970s, the provinces began increasing their role in social housing through funding add-ons to the federal-led programs. In 1973, a rent supplement program was introduced to offer assistance to low-income tenants of selected private and non-profit rental buildings. These programs offer subsidies to landlords who accommodate RGI tenants by bridging the gap between approved

<sup>1</sup> Changed to Canada Mortgage and Housing Corporation in 1979.

<sup>2</sup> In the late 1970s model CMHC offered a 2% interest rate write-down which means subsidies are offered to cover the difference between the mortgage interest rates in the market and a hypothetical 2% interest rate. This funding formula had significant fiscal impact later due to high market interest rates in the 1980s and in part contributed to the withdrawal of federal government on funding new housing in mid-1980s.

market rent and the RGI rent paid by tenant. The subsidies of rent supplement programs offered in the 1970s are typically cost-shared by the federal and provincial governments.

Compared to Public Housing, which exclusively supplied RGI units, non-profit and co-op housing developed under the Federal-led Programs generally have a mix of tenants paying (lower) market rents and RGI (mostly through rent supplements).

### **2.3 Provincial Reformed Program Era and Devolution (1986-1995)**

The devolution of managing programs for social housing by the federal government started in the mid-1980s, although they retained policy making and cost-sharing responsibilities as well as continued financial participation in provincial led programs. In response to the federal pull back, the Ontario government assumed a larger role in social housing development and took up the responsibility of direct program delivery. Social housing programs introduced after 1985 were typically led by the provincial government, and hence were later referred to as the Provincial Reformed Programs. These programs largely follow two streams:

- Federal-Provincial Non-Profit & Co-op programs where subsidies are cost-shared 60/40 between federal and provincial governments. Subsidies typically cover the difference between rent revenues and operating costs.
- In addition to the programs funded in partnership with the federal government, Ontario funded some large unilateral programs without federal cost-sharing post 1985. These provincial unilateral programs include Homes Now, Jobs Ontario, P-3000, P3600, P-10,000, as well as rent supplement programs.

A key difference between the pre-1986 Federal-led programs and post-1985 Provincial Reformed programs is the level of affordability they target:

- Pre-1986 Federal-led programs target moderate income households and low end market rents. The proportion of RGI units in these programs are usually small (except when rent supplements are stacked), and projects are generally more self-sustaining.
- Post-1985 Provincial Reformed programs target low-income households and many of them have a minimum RGI target. In Sudbury, the proportion of RGI units in Provincial Reformed projects is around 78%. As a result, projects are more reliant on operating subsidies.

Aside from its participation in the Provincial Reformed programs, the federal government continued to fund the Urban Native Programs post 1985, offering a subsidy to cover the gap between the tenant revenue and eligible operating costs.

Additionally, the federal government also funded a trial co-operative housing program in the post-1985 era. These projects are also referred to as the Index Linked Mortgage (ILM) programs after its funding model. These federal co-op projects are some of the few social housing programs that are still directly administered and funded by the federal agencies today.

Leading up to the 1990s, the federal government faced additional new commitments each year with the annual housing budget reaching \$2.0 billion by 1993. In efforts to manage federal debt (1993), a cap was placed on the federal housing budget to not exceed \$2.0 billion, which significantly restricted the ability to pursue new housing commitments. While the budget papers explained the potential for new projects through savings and efficiencies, there was a condition that any new activities do not entail long term commitments. Shortly after the 1995 provincial election, provincial funding for new social housing development was also terminated.

In late 1990s, the federal government entered into Social Housing Agreements (SHA) with most provinces<sup>3</sup> and transferred administrative<sup>4</sup> responsibilities of social housing to provinces and territories, with the exception of federal-funded co-operative housing (ILM program) and on-reserve housing portfolio in all provinces. Under the SHA, the cost-sharing arrangements between the two levels of governments were terminated. The provinces assumed all of CMHC's financial obligations to social housing, with an annual block funding of a pre-determined amount from the federal government until the prescribed Funding Expiration Date set out in the agreement. As federally funded projects have started to reach their funding expiration date, the federal block funding has been phasing out and will eventually cease in 2033. This is referred to as the end of operating agreement (EOA)<sup>5</sup> in this report.

In December 2000, Ontario passed the Social Housing Reform Act (SHRA), which downloaded the responsibility for both administration and ongoing funding of the social housing programs to 47 designated Service Managers (SMs). These SMs include municipalities and district social services administration boards. Operating agreements where Ontario was a partner (i.e. the Public Housing programs and Provincial Reformed programs) were terminated and replaced by "operating framework" provisions in the SHRA. Operating agreements of the projects created under the Federal-led programs remain in place. In 2011, the SHRA was replaced by the Housing Services Act (HSA). The SHA and HSA are discussed in more detail in Section 4 of this report.

## 2.4 Post-2000 Programs

Post 2000, the re-engagement of the federal and provincial governments in social housing programs has mostly been through a series of short-term federal-provincial affordable housing programs. These programs are primarily targeting moderate income rather than low income households by requiring housing providers to offer affordable units for a period of time (e.g. 20 years), rather than RGI units. In 2006, the Ontario government introduced the Canada-Ontario Affordable Housing Program (AHP) in partnership with federal and municipal governments. Around \$624 million was made available with the intention of creating more than 18,000 affordable housing units, primarily through the construction of new rental units, home ownership, and rent supplements to landlords.

<sup>3</sup> All provinces entered into the Social Housing Agreement with CMHC except for Alberta, Quebec, and PEI.

<sup>4</sup> Program administration involves the management of the transfer payments system, ensuring housing providers adhere to program requirements, establishing operating policies and providing advice and guidance to housing providers.

<sup>5</sup> Or EOD (End of Debenture) for the public housing portfolio.

The current program is known as “CMHC-Ontario Agreement for Investment in Affordable Housing” (IAH). The IAH program offered \$480 million between 2011 and 2014 to fund new affordable housing, and has been extended in 2015 for another five years with over \$800 million of new funding. Similar to the earlier AHP program, the IAH program typically offers components including affordable ownership, home repairs/renovations, new rental construction, and rent supplement / housing allowance. The new rental component of this funding is provided through a forgivable capital loan (up to \$150,000 per unit). In exchange, projects are required to have rents averaged at or below 80% average market rent (AMR).

CMHC is also currently offering the “Rental Construction Financing Initiative”, which provides low-cost loans to encourage the construction of rental housing across Canada. The initiative has a total of \$2.5 billion in available loans between 2017 and 2021, with loans made available to municipalities, non-profit housing providers, and private sector developers. Lower interest loans are offered for a term of 10-years at a fixed rate, with an amortization period of up to 50 years, a loan to cost ratio of up to 100%, and a minimum debt coverage ratio of 1.10. The program requires a project to meet a variety of tests and other requirements, one of which is the supply of affordable housing.

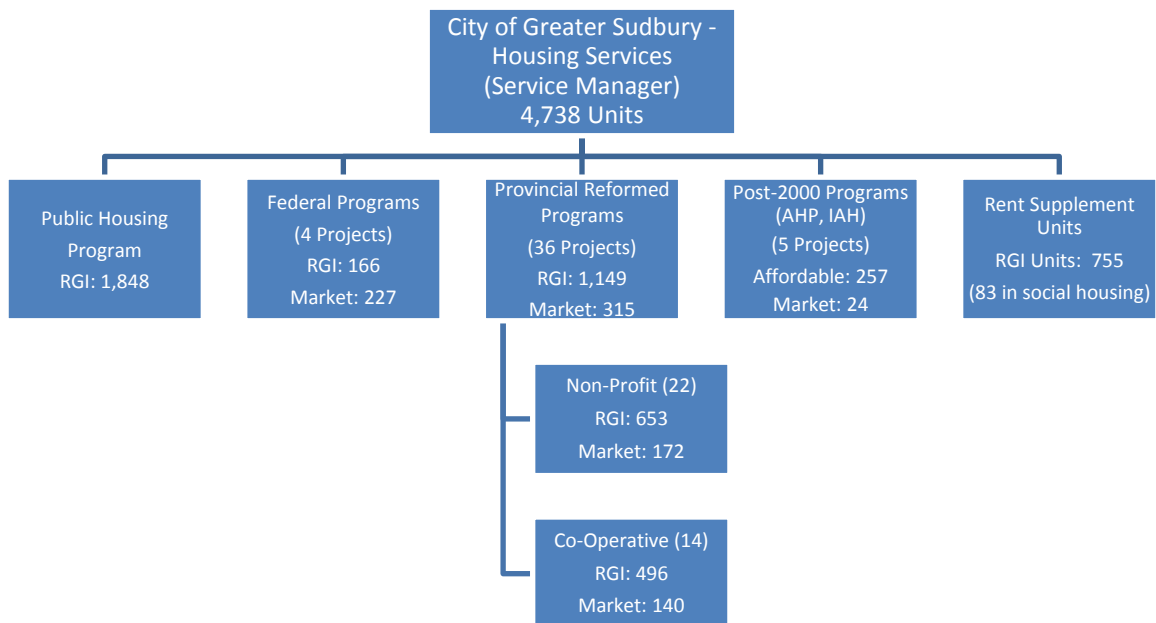
Table 1

Summary of Canadian Social Housing Built 1949-1996 – Key Features of Major Programs							
Program (Project Start Date)							
	Public Housing Program		Federal-Led Programs		Federal Co-op (1986-1993) <sup>1</sup>	Provincial Reformed Programs	
	Public Housing (1949-1963)	Public Housing (1964-1978)	Non-Profit & Co-op (1974-1978)	Non-Profit & Co-op (1979-1985)		Federal-Provincial Non-Profit & Co-op 1986-1993	Ont. Provincial Unilateral (1987 onwards)
Also Known as	-	-	s.26 & 27 Non-profit / Co-op, s.61 <sup>2</sup> , include “Limited Dividend”	s.95 (incl. “MNP” munic. non-profit); 2% write-down program	ILM (Index Linked Mortgage) Programs	F/P; s.95 (post-1985)	Homes Now, Jobs Ontario, P-3000, P3600, P-10,000
Current Owner	Local Housing Corporations		Non-profit/Co-op Housing Providers		Co-op	“Part VII projects” under HSA Non-profit/Co-op Housing Providers	
Administration	Service Manager	Service Manager	Service Manager	Service Manager	The Agency for Cooperative Housing (Fed)	Service Manager	
Operating Agreement	In Stakeholder Declaration		Original OAs in place		Original OAs	OAs replaced by provisions in HSA, there might be supplementary agreements with providers	
Capital Financing	75% CMHC loan 25% provincial, fixed rate, 50-60 years debenture	90% CMHC loan 10% provincial, fixed rate, 50-60 years debenture	10% CMHC grant, 90% CMHC loan, fixed rate, 50-years mortgage	Private mortgage, CMHC guarantee, 35 years terms	Private mortgage, CMHC guarantee, 35 years terms, special formula	Private mortgage, CMHC guarantee, 35 year-terms	Private mortgage with CMHC guarantee, 35 year-terms
% RGI	100% by 1968	100%	Usually 25%	Usually 25%-40% (40%-60% if munic.)	Usually 40%	Varied by project; norms were 80% in Ontario	
Operating Subsidy Arrangement <sup>3</sup>	75% federal, 25% provincial <sup>4</sup>	50% federal, 50% provincial <sup>4</sup>	No operating/rent subsidy, mostly rent supplement subsidy only	Federal subsidy: 2% interest rate write-down + UNAA <sup>5</sup> (Urban Native projects ONLY)+ related provincial subsidy <sup>4</sup>	Federal subsidy tied to special mortgage formula	60% federal subsidy on Core Need units (=most RGI), rest of subsidy provincial <sup>3</sup>	Ongoing operating subsidy, 100% provincial <sup>4</sup>
Funding of RGI Subsidy	RGI is part of overall operating subsidy provided based on SM funding formula and Ministry of Housing cost factors.		Stacked rent supplement; usually cost shared 50%/50% federal-provincial	Some RGI within s.95 programs; some stacked rent supp., usually cost shared 50%/50% federal-provincial	Federal ILM rent supplement	RGI is part of operating subsidy for difference between rents & approved costs	varied
Capital Repairs	No reserve funds. Major repairs are included in annual operating budget or special funding		Capital reserve funds, with annual contribution (rarely adequate for long term)				
1. Federal co-op projects are the only portfolio in this table that is still administered and funded by federal agency. Others have been transferred to the province and further to municipalities in Ontario.							
2. s.26, 27, 61, 95 refer to sections of National Housing Act under which the funding model was created;							
3. Original cost share is shown – federal subsidy share is declining in recent years under the SHA;							
4. Provincial subsidy became a municipal responsibility in Ontario; provincial housing stock in Ontario are now owned by local housing corporations.							
5. UNAA=Urban Native Additional Assistance, which is offered to Pre-1986 Urban Native projects only. It bridges the gap between operating cost and revenue.							
Source: Sutter, Greg (2016) Canadian Social Housing: Policy Evolution and Program Periods							

### 3.0 The City of Greater Sudbury Social Housing Portfolio

The City of Greater Sudbury (CGS) currently has 4,906 units within its funding and administrative envelope. These projects were built at different times and under various funding programs that were offered by the federal and/or provincial governments since the late 1940's. **Figure 1** provides a breakdown of the City's social housing portfolio by their funding program, and the points below summarize the characteristics of each program.

**Figure 2 – City of Greater Sudbury Social Housing Portfolio**



Source: City of Greater Sudbury

- There are 1,848 units created under the **public housing programs**.
  - These units are 100% rent-geared-to-income (RGI) units.
  - They are now owned and managed by the Greater Sudbury Housing Corporation. The City of Greater Sudbury Council is the sole shareholder of the housing corporation.
  - They are currently funded with both federal and municipal subsidies.
- There are 393 units within four projects created under the **Federal-led programs**.
  - In this portfolio, 227 units have low-end market (LEM) rental rates, while 166 units are RGI. Within the 166 RGI units, about half are rent supplement units (to be discussed later).
  - These projects are administered by the CGS but are owned and operated by non-profit housing providers.



- Federal-led projects are primarily funded with federal dollars, until their operating agreements with the federal government expire. At this time both the debt and corresponding subsidy will also expire. Among the Federal-led projects:
  - Municipal Non-Profit projects established under Federal-led programs (e.g. Gorham's Court in Dowling) has a funding formula that covers its operating expenses. Subsidy for these projects are largely covered by the City, with a small portion from federal block funding.
  - Urban Native projects established under the Federal-led programs receives additional subsidy from CMHC's Urban Native Additional Assistance, in addition to the 2% write-down mortgage subsidy.
  - Private federal-led projects either have no operating assistance or receive an annual mortgage subsidy based on the 2% interest rate write-down formula where applicable.
- There are 1,461 units within 36 projects created under the provincial-led programs, commonly referred as the **"Provincial Reformed" programs**.
  - This portfolio contains a large number of RGI units (1,149 units), but also contains a small number of market units (312 units).
  - These projects are also administered by the CGS but are owned and operated by non-profit or co-operative housing providers.
  - Some of these projects were created under federal-provincial programs, and their subsidies are currently covered by both federal and municipal dollars. Other projects were created under provincial unilateral programs, and their subsidies are currently covered by municipal dollars.
- **The post-2000 programs** consist of five projects with 281 units in total.
  - This portfolio includes 257 affordable units (80% Average Market Rents) and 24 market rent units.
  - These projects are developed and operated by non-profit, co-operative, and private for-profit housing providers.
  - These projects received an upfront capital subsidy to offset construction costs, but do not receive an ongoing annual subsidy.
  - With the above said, one of the five post-2000 projects, Raiffeisen Non Profit, have 35 units stacked with a rent supplement agreement.
- The CGS also has 755 units under various **Rent Supplement Programs**.
  - Of the 755 rent supplement units, 125 are within social housing projects of which 90 are in Federal-led projects. The remaining are with private landlords.



- Rent supplements are offered to landlords who house tenants from the City's RGI waiting list.
- The subsidy is equal to the difference between market rents and the RGI rent paid by the tenant.
- There are many rent supplement programs created by different levels of government, as such funding for these units are from all three levels of government.

When these projects were first developed, operating agreements were signed that outlined the public funding mechanisms and the responsibilities of the housing providers. Given the impending expiry of these agreements, the following sections will focus on the potential impacts of EOA as well as the legislative environment that shapes the future of these projects.

## 4.0 Legislative Framework

### 4.1 Canada-Ontario Social Housing Agreement (1999)

As was noted in Section 2.0 of this report, the Canada-Ontario Social Housing Agreement (SHA) was signed in 1999. A major change brought forward by the SHA is that it transfers the management and administrative responsibility of most social housing units<sup>6</sup> to the Province. The agreement also specifies the authorities and responsibilities of both sides (MMAH and CMHC), and some of those provisions could have implications on revitalization efforts of social housing projects. The following points summarize the highlights of the SHA:

- It replaces all pre-existing social housing agreements between the federal and provincial governments with one single agreement;
- It replaces cost-sharing arrangements with a pre-determined federal funding schedule. Under the SHA, Ontario will receive social housing funding directly from the Government of Canada every year for the remaining term of each project in the portfolio. Ontario will then deduct debenture payments and pass on the balance to each municipal Service Manager. This funding is declining gradually as the mortgages of federally funded projects mature, and it is expected to cease in 2033 under the current provision of the SHA.
- The SHA allows Ontario the flexibility to transfer administrative responsibility for social housing to municipalities.
- Section 8(g) of the SHA allows CMHC to request a “net share of gain” upon the removal of the housing programs (i.e. when a social housing project is transferred/sold) that still has a CMHC loan in place. This payment is now expected to be the responsibility of the Service Managers, as the housing projects have been transferred to them from the province.
  - This would not apply to projects with an expired operating agreement.
  - Notwithstanding the above, CMHC has, on occasion, waived this requirement where projects have been removed from the portfolio for the purpose of (re)developing new affordable housing.
- Section 9(d) of the SHA speaks to “CMHC Loans and Loan Insurance” and provides that Ontario shall indemnify and reimburse CMHC for losses, costs, and expenses relating to the social housing mortgages. This clause has been considered a potential hurdle to housing providers that are considering refinancing their buildings, as it could create liabilities for the province or Service Managers to compensate CMHC for any costs arising from the default of housing providers.

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<sup>6</sup> The only exceptions are on-reserve aboriginal housing and projects under the federal co-operative programs, which are still directly administered by CMHC.

- When considering refinancing/prepayment of SHA projects, a general rule is to time any change to a mortgage with the renewal to avoid paying a prepayment penalty. However, each SHA mortgage and project is different.

## 4.2 Housing Services Act (2011)

With the authority granted by the SHA, Ontario passed the Social Housing Reform Act (SHRA) in December 2000 that downloaded responsibilities for social housing administration and funding to municipal Service Managers (SMs). This download included almost all of the housing stock transferred from the federal government under the SHA<sup>7</sup>, provincial unilateral programs, as well as rent supplement programs. The only housing programs that are not downloaded to the SMs are Rural and Native Housing and dedicated supportive housing<sup>8</sup>. Another pivotal change brought forward by the SHRA is that it replaced the operating agreements for Public Housing projects and Provincial Reformed projects with the “Operating Framework” section within SHRA. The transferred Federal-led programs and rent supplement units, on the other hand, have their original agreements in place, although their administration responsibility has been transferred to SMs.

As noted in Section 3.0, the SHRA was replaced by the Housing Services Act (HSA) in 2011. Under the HSA, key obligations of SMs include:

- Develop of a 10-year Housing & Homelessness Plan;
- Administer and fund transferred programs in accordance with the HSA or pre-reform operating agreements;
- Maintain a minimum number of RGI and special needs units in their services areas, referred as the Service Level Standards; and,
- Manage a centralized waiting list for people applying for RGI units.

Some of these key obligations, along with other provisions from the HSA and the related regulations could have implications on revitalization efforts. The following sections offer a detailed discussion of those provisions.

### 4.2.1 Funding Obligation

Every year, the federal block funding is provided to the province, which is then passed on to the Service Managers after debenture payments have been deducted. Supposedly, the federal block funding would account for the following programs:

- Public housing program (the federal’s share of RGI subsidy);
- Certain rent supplement programs (where federal is a cost-share party);

<sup>7</sup> This includes the entire public housing portfolio, section 26, 26 and section 95 federal-led programs, and federal-provincial non-profit/co-op projects within the provincial reformed programs.

<sup>8</sup> Dedicated supportive housing is administered by the Ministry of Health and Long-Term Care and Ministry of Community and Social Services.

- Transferred federal-led non-profit/co-op programs where federal operating subsidy is committed (i.e. the 2% interest rate write-down subsidy); and,
- Federal-provincial projects within the Provincial Reformed projects.

Under the HSA, the SMs are required to administer and fund social housing projects transferred to them from the province. The HSA categorizes the transferred programs in Regulation 367/11 and the funding obligations vary depending on the categories. **Table 2**, to follow, builds upon **Table 1** in Section 2.0<sup>9</sup> and identifies the transferred programs, their category as per Regulation 367/11, and SMs' legislated funding obligations which is summarized below:

- **Public Housing:** SMs are required to provide “sufficient funding” to the local housing corporation to maintain these projects “in a satisfactory state of repair and fit for occupancy”. The HSA is silent on the end date of this funding obligation.
  - We understand that in Sudbury, a funding formula has been created by the City that provides annual subsidies relating to operational, capital, and rent supplements. The City identified appropriate benchmarks for various budget categories by assessing relevant case studies in Ontario, which are then inflated using the relevant indices released by the Ministry of Housing and others. If a surplus is achieved in a given year, a reserve is funded. However, if an operation or capital shortfall is experienced, the City is required to assist the housing corporation given the “sufficient funding” requirement.
    - In event of an operating shortfall in a given budget category (e.g. utilities), the GSHC could submit a business case for an increase. If the business case is approved, it will be incorporated into the benchmarking moving forward.
- **Provincial Reformed Programs:** SMs are required to fund based on the prescribed formula in the HSA, and the Act is silent on the end date of this funding obligation. There are two types of formulas prescribed for the Provincial Reformed projects:
  - For most of the Provincial Reformed projects, the funding formula can be generally described as the sum of indexed benchmark operating cost<sup>10</sup>, shelter mortgage cost, RGI subsidy, and property tax payable, and subtracted by indexed benchmark revenue and 50% of the provider's surplus (if any).
  - For certain Provincial Reformed projects the funding formula is different. In the City of Greater Sudbury, projects owned by Habitat Boreal Inc. and Sudbury Y.W.C.A. Brookwood Apartments fall into this category. For these projects, the funding formula could be described as the sum of indexed benchmark operating cost,

<sup>9</sup> Note that the federal Co-op (1986-1993) in Table 1 has been removed since this program was never transferred to the province/SM.

<sup>10</sup> Index Benchmark Operating Cost is determined using previous year's indexed bench mark costs and Ontario Consumer Price Index. Operating cost includes administration and maintenance, bad debt, electricity, water, natural gas, oil and other fuel, and capital reserves.

shelter mortgage cost, and property tax payable, and subtracted by provider's revenue and 50% of the provider's surplus (if any).

- We understand that in Sudbury when operating shortfall occurs, housing providers are required to submit a deficit reduction plan to the City; whereas when a capital shortfall occurs, housing providers could submit a formal business case for additional capital funds. The City could either approve the business case or suggest alternative strategies.
- **Transferred Federal-led Programs:** SMs are required to allocate federal funding to these housing providers and make up the difference between the federal funding and funding commitments in the original operating agreements. Federal funding and SM's funding obligation for these projects will cease upon the expiry of the original agreements.
- **Transferred Rent Supplement Programs:** SMs are required to allocate federal funding to individual projects and provide additional funding to make up the difference between the federal funding and funding commitments in the rent supplement agreements. Federal funding for these projects will cease upon the expiry of the original agreements. However, SMs are likely to continue the funding of the transferred rent supplement program as they are tied to SMs' service level standards. This is further discussed in the section to follow.

#### 4.2.2 *Service Level Standards*

Under the HSA (2011), the SMs are required to maintain a minimum number of RGI units within the prescribed housing programs in their Service Areas. This is referred to as the minimum service level standards (SLS). Within the SLS required for a Service Area, the HSA further prescribes the minimum number of RGI units required for high need households, as defined by the Act, and the minimum number of modified units<sup>11</sup> within a service area. The SLS in a Service Area is typically based on the number of RGI units and modified units that were transferred from the Ontario government to SMs. The loss of RGI or modified social housing units in a particular project must be provided elsewhere within the Service Area.

Prescribed housing programs for the purpose of maintaining SLS include projects in the following programs:

- Public Housing Program (with program category numbers of 1(a) and 1(b));
- Provincial Reformed Programs (with program category numbers of 6(a) and 6(b)); and,
- Transferred Rent Supplement Programs (with program category numbers of 2(a) and 2(b)).

As previously noted, the HSA is silent on the end date of SMs' funding obligation for the public housing program and Provincial Reformed programs. However, the SLS will likely require that SMs continue to fund these projects to maintain the mandated supply of RGI units.

<sup>11</sup> Means a unit that has been modified so as to be accessible to an individual with a physical disability or so as to allow an individual with a physical disability to live independently.

Table 2

Summary of Service Manager Funding Obligations							
	Program (Project Start Date)						
	Public Housing (1949-1963)	Public Housing (1964-1978)	Federal-Led Programs		Provincial Reformed Programs		Transferred Rent Supplement Programs
			Non-Profit & Co-op (1974-1978)	Non-Profit & Co-op (1979-1985)	Federal-Provincial Non-Profit & Co-op 1986-1993	Ont. Provincial Unilateral (1987 onwards)	
Also Known as	-	-	s.26 & 27 <sup>1</sup> Non-profit / Co-op, s.61 <sup>2</sup> , include “Limited Dividend”	s.95 <sup>1</sup> (incl. “MNP” munic. non-profit); 2% write-down program	F/P; s.95 <sup>1</sup> (post-1985)	Homes Now, Jobs Ontario, P-3000, P3600, P-10,000	-
Operating Agreement (OA)	In HSA		Original OAs in place		“Part VII projects” under HSA		Original agreements in place
Category as per O. Reg. 367/11	1(a) and 1(b)		3 and 4	5, 6(c), 7, 8	OAs replaced by provisions in HSA, there might be supplementary agreements with providers		
RGI Units Included in SLS	Yes		No	No <sup>2</sup>	6(a) and 6(b)		2(a) and 2(b)
Funding Obligation	Yes		No	No <sup>2</sup>	Yes		Yes
	As per HSA (S.12 of O. Reg. 367/11), SMs are required to provide “sufficient funding” to local housing corporation to fund public housing. End date for funding unclear.		No subsidy unless stacked with rent supplement.	SMs receive Federal block funding, and allocate subsidy to providers based on original operating agreement. Funding obligation ceases upon EOA.	SMs receive Federal block funding (which supposedly covers federal’s share in the Fed-Prov. Projects), and allocate subsidy to landlords based on the formula prescribed in HSA (O. Reg. 369/11). End date for funding unclear.		SMs receive Federal block funding, and allocate subsidy to landlords based on original agreement. Funding obligation ceases upon EOA.
1. s.26, 27, 61, 95 refers to sections of National Housing Act under which the funding model was created;							
2. RGI units within the Municipal Non-Profit (MNP) program in Sudbury are counted towards SLS.							
Source: Ontario Housing Services Act (2011), Sutter, Greg (2016) Canadian Social Housing: Policy Evolution and Program Periods							

The transferred Federal-led programs (including Urban Native programs) are not prescribed in the SLS requirement. Upon the expiry of their operating agreements, federal funding for them will cease and the SMs are also under no legal obligations to fund them. That being said, most of these federal projects are stacked with rent supplement programs that are part of the SM's SLS obligation. Although the rent supplement units have the flexibility to be accommodated elsewhere (e.g. private rental units), keeping the rent supplement program within the federal projects, which offers lower end market rents, could result in savings for SMs. Moreover, it is generally the SM's intention to retain affordable housing stock within the service area, which is typically described in their Housing and Homelessness Plan. As such, SMs will likely have interests in keeping the federal projects viable after the expiry of their operating agreements.

The Ontario Regulation 367/11 under the HSA prescribes the SLS requirements for each of the 47 SMs. The City of Greater Sudbury, as the Service Manager, is required to maintain a minimum SLS of 3,603 RGI units. Of this total, 2,151 units are required for high needs households and 155 modified units are required. **Table 3** demonstrates the City's current service level. Of note, the City is 62 RGI units below the SLS. The provision for high need units currently exceeded the HSA requirement, but the provision for modified units is 45 units under the HSA requirement.

**Table 3**

RGI Counts in CGS Social Housing Projects Prescribed for SLS			
Housing Program	Total #RGI Units	#High Need Units	#Modified Units
Public Housing Program	1,848	1,475	0
Provincial Reformed Program	1,074 <sup>1</sup>	800	110
Legacy Rent Supplement Program	611	376	0
Municipal Non-Profit <sup>2</sup>	8	8	0
<b>Total (City of Greater Sudbury)</b>	<b>3,541</b>	<b>2,659</b>	<b>110</b>
<b>SLS Requirement as per Housing Service Act</b>	<b>3,603</b>	<b>2,151</b>	<b>110</b>
<p>1. This RGI count reflects the number of units reported in 2017. The RGI count in Provincial Reformed projects fluctuates as a result of RGI tenants who choose to stay in their unit and pay market rent when their income increase above the income threshold for RGI units.</p> <p>2. RGI units in Municipal Non-Profit (MNP) projects have been included in the SLS calculation although these projects were developed under "Federal-Led" Program. Nevertheless, the SM's funding obligation for these projects still sunsets upon the expiry of their operating agreement.</p> <p>Source: City of Greater Sudbury</p>			

Service level standards can also impact revitalization efforts as the Service Manager must replace RGI units if a public housing project is redeveloped. However, the replacement of these units does not have to be "brick-and-mortar", offering rent supplements or portable housing allowance are also acceptable. This is an important consideration, especially if the sale or redevelopment of existing RGI assets is considered.

#### 4.2.3 Restrictions on Title

Under the former SHRA, there could be title restrictions (i.e. "No Dealings" indicators) attached to certain properties that could inhibit the transfer of these properties. These restrictions are carried

over through the HSA, as such a review of title registration for each project is necessary prior to any contemplation of revitalization.

#### *4.2.4 Consent Requirements*

Since its introduction in 2011, amendments to the HSA have been made to grant SMs the authority to make most decisions concerning the existing social housing stock within its Service Area that were formerly under the purview of the Minister. This has augmented the capacity and responsibility of SMs with respect to social housing matters.

Of particular importance, the authority to transfer/dispose of properties and (re)development of most housing projects or the land where it is located was recently downloaded to SMs from the MMAH in 2017. However, the following Ministerial Directive must be considered:

- The Service Manager shall ensure that: (a) residents of the housing projects are advised of, and consulted on, the proposed transfer, and (b) any identified adverse impacts on residents are appropriately mitigated.
- The Service Manager shall ensure that net financial proceeds generated from the transfer will be used to support the delivery of a transferred housing program or in furtherance of another housing-related purpose contemplated in the Service Manager's housing and homelessness plan.

Service Managers have also recently been granted the authority to give consent on mortgage renewal decisions that are locally appropriate. However, Ministerial Consent is still required for the transfers of projects developed under Provincial Reformed and Federal-led programs where the SM has obtained court appointment of a Receiver for the housing provider or where members of the housing provider's Board of Directors have been replaced by the SM. Should there be a dispute between SM and non-profit/co-operative housing providers, the Minister also functions as a third-party decision maker.

### **4.3 Housing Provider Operating Framework**

All of the housing providers with projects that are under the administration of a SM are required to operate within the HSA. Other than the provisions within the HSA, each social housing provider has their objectives and mandates that establishes the foundation of their accountability and operating framework. The following subsection discusses the legal documents pertaining to the operation of housing providers.

- The largest social housing provider, the Greater Sudbury Housing Corporation (GSHC), was incorporated under the Ontario Business Corporation Act (BCA) on December 14, 2000, by the Province of Ontario with the City of Greater Sudbury as its sole shareholder. This creates an added accountability framework between the two parties that speaks more to corporate operations compared to the HSA.



- The Article of Incorporation is the legal documentation under the BCA that constitutes the guiding framework for the organization. It establishes the restrictions on business that the corporation may carry on or powers the corporation may exercise, as well as restrictions related to corporate shares. The Article of Incorporation also echoes the HSA on the consent requirements on corporate changes (e.g. amalgamation) and the transfers, financing, and disposition of real properties.
- The operation of the GSHC is also subject to the Shareholder Declaration between the GSHC and its sole shareholder, the City of Greater Sudbury. This document lays out the objectives and business principles for the GSHC, the type of business and activities (e.g. redevelopment of existing projects) that GSHC could engage in, provisions on the Board, matters that requires shareholder approval, and accountability.
- More detailed provision on operation and accountability of the GSHC is contained in the Greater Sudbury Housing Corporation Operating Framework which is attached to the Shareholder Declaration as an Appendix. Most importantly, this operating framework establishes:
  - The GSHC's service level target of 2,401 RGI units within the City of Greater Sudbury, of which 1,801 units to be occupied by High Need households;
  - Formatting and timing provision of subsidy request and budget information to the SM in order to prepare the SM's budget.
  - Formatting and timing program reporting to the SM;
  - The timing for the payment of subsidies to the GSHC; and,
  - Any subsidy surpluses to be returned to the SM.

#### 4.4 Other Agreements

Other than the HSA and project operating agreements, there could be other agreements that social housing providers entered into. These agreements include:

- Agreements entered into under senior governments' social housing renovation funding programs, where projects that receive capital funding and in exchange maintain affordability for a defined timeframe. Repayment of the funding is typically required when projects that received funding decide to sell or transfer prior to completing their affordability requirement. **Table 4** summarizes these capital funding renovation and retrofit programs.
- Some local housing corporations have entered into third party agreements with support service providers such as the March of Dimes, Associations for Community Living and the Canadian Mental Health Association to make available a limited number of housing units for their clients within the LHC portfolio.

Table 4

Capital Programs				
Program Name	Funding Source	Eligible Housing Programs	Eligible Expenditure	Housing Provider Obligations
Social Housing Renovation and Retrofit Program (SHRRP)	Canada-Ontario Affordable Housing Program (AHP)	All programs under the purview of HSA, except for Rent Supplement Programs	Capital renovation and repairs, energy retrofit, and regeneration of social housing projects.	Maintain social housing as affordable for a minimum of 10 years
Social Housing Improvement Program (SHIP)	Social Infrastructure Fund (SIF)	All programs under the purview of HSA, except for Rent Supplement Programs	Capital repairs, and energy and water retrofit and upgrades of existing social housing.	Remain affordable for a 10-year period after the completion of the funded regeneration activities, including a minimum of 5 years during which it will operate as social housing under the HAS
Social Housing Electrical Efficiency Program (SHEEP)	Green Investment Fund (GIF)	All programs under the purview of HSA, except for Rent Supplement Programs.	Offered to low density scattered units to assist with certain electrical efficiency retrofits.	Remain social housing for at least 5 years after the completion of the retrofit, regardless of the end dates of any operating agreements.
Social Housing Apartment Retrofit Program (SHARP)	Green Investment Fund (GIF)	All programs under the purview of HSA, except for Rent Supplement Programs.	Offered to high density apartment buildings of 150 or more units to assist with retrofits to reduce greenhouse gas emission.	Remain social housing for at least 5 years after the completion of the retrofit, regardless of the end dates of any operating agreements.
Social Housing Apartment Improvement Program (SHAIP)	Carbon Market Proceeds	All programs under the purview of HSA, except for Rent Supplement Programs	Offered to social housing apartment buildings with 150+ units in phase 1 (2017-2018) and 100+ units in phase 2 (2018-2021). Repairs, retrofit, and upgrades to social housing to improve heating energy efficiency, insulation, and window replacements etc.	Remain affordable for ten years, including a minimum of 5 years as social housing under the HSA, 2011, regardless of the end dates of any operating agreements and/or mortgage maturation.
Source: Program Guidelines				

- For the Provincial Reformed projects, although their original operating agreements have been replaced by provisions in the HSA, it is our understanding that individual supplementary agreements may exist between SMs and housing providers on specific functions, which could include clarification of general operational requirements, local standards, and delegation of RGI obligations through Service Agreement.

## 4.5 Other Legal Issues

In addition to the obligations that social housing providers are required to fulfill under the legislative framework, there are some other legal issues that could have implications on the housing providers, if they undertake any regeneration efforts, especially when redevelopment or disposition of the properties are considered. The following subsections offer a high level summary of these potential issues. However, legal opinions on these matters are needed before any actions are taken.

### 4.5.1 Tax Implications

- Land Transfer Tax Exemption
  - Section 167 of the HSA allowed social housing providers to be given a Provincial Land Transfer Tax Exemption for certain transfers. Typically, this Exemption is supported by MMAH if the transferred property remains as social housing.
  - Upon request from the SM, the Ministry may work to obtain approval from the Lieutenant Governor in Council.
  - If a SM wishes to request an exemption, it will need to give the Ministry an advance notice of at least 180 days, as this type of consideration typically take three to six months and the regulation cannot apply retroactively (i.e. the transfer cannot occur until an exemption regulation has been filed).
- Compliance with Income Tax Act
  - As Local Housing Corporations typically have a municipality as the sole shareholders, they enjoy exemption from the Income Tax Act.
  - For other housing providers, the Income Tax Act also exempts organizations that have registered charity or non-profit status. However, considerable constraints are placed on the ability of a non-profit organization to operate a business or commercial activity (e.g. diversify revenue through business activities or commercial use of space): if a non-profit organization undertakes any activity with the intention of generating profit then the organization no longer qualifies for tax exemption.
    - Registered charities and non-profit organizations may only undertake activities (and expand funds) that advance the purposes stated in their constating documents. It is therefore important that the purposes set out in those documents accurately reflect what the organization is doing and encompass potential regeneration strategy. Although constating

documents can be amended to cover actions to be conducted, it needs to fit within the purposes prescribed by Income Tax Act and accepted as charitable.

- Notwithstanding the above, a comment is made in a letter issued by the CRA stating that the courts have recognized that a non-profit organization can remain exempted even if it earns a profit, as long as the profit is incidental and arises from activities directly connected to its not-for-profit objectives.
- GST/HST Issues:
  - Municipalities, charities, and qualifying non-profit organizations are eligible to claim a HST and GST rebate on eligible expenses such as rent and utilities.

#### 4.5.2 *Land Use Planning Issues*

Any redevelopment efforts are likely to be subject to land use planning regulations, including local official plans, zoning by-law, building code, development charges, among other applicable laws. There are certain exemptions that could be made available at the time of redevelopment, such as development charge exemptions. These should be considered in the revitalization planning process.

#### 4.5.3 *Residential Tenancies Act Implications*

The Residential Tenancies Act, 2006 (RTA) offers partial exemptions to social housing projects. Eligible projects for the exemptions include public housing projects, projects under Part VII of HSA (Provincial Reformed projects), projects under a pre-reform operating agreement as defined in the HSA, and projects under an agreement between a housing provider defined in the HSA and local housing corporation and/or a SM. The partial exemptions would relieve eligible landlords from:

- Rent controls (i.e. increase in rent during the term of tenancy by more than the guideline);
- Compensation in the event of tenancy termination by the landlord due to condominium conversion, demolition, repairs or renovations, a severance, and subdivision;
- Provisions relating to subletting; and,
- Tenant's right to apply for a reduction of rent for reasons such as reduction in service or reduction in municipal tax.

Some additional exemptions applied to RGI units include:

- The 12-month rule (i.e. landlords may only increase rents every 12 months); and,
- A minimum of 90 days written notice needed before any rent increase.

In 2016, the RTA was amended by the Promoting Affordable Housing Act to remove the authority of social housing providers to evict a tenant on the ground that the tenant no longer comply with RGI eligibility (e.g. income increase above threshold). Since this amendment, an existing tenant that fail to comply RGI eligibility will be subject to market rents, which has implications on legislated Service Level in the service area.

#### *4.5.4 Environmental Remediation Risk*

In the event that environmental contamination is discovered on any transferred public housing property, there is a risk of potential environmental liability on the part of former owners. The HSA did not extinguish the Ontario Housing Corporation's (OHC), the former owner prior to the transfer to SMs, potential liability under the Environmental Protection Act (EPA). As such, OHC retains the potential liability for environmental contamination that is identified on public housing properties that were transferred from the OHC to local housing corporations and the SMs. As the current legal owners of the public housing properties, it is the responsibility of the local housing corporations and/or SMs to initiate the appropriate environmental activities pertaining to these properties, should contaminants be discovered during regeneration process.

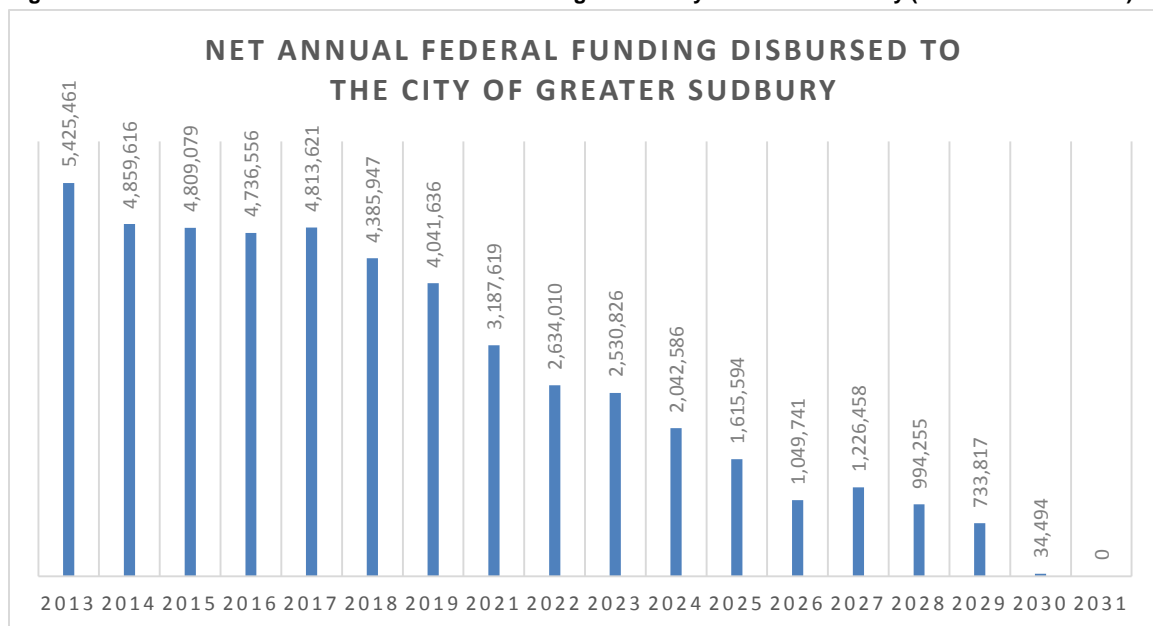
## 5.0 Expiry of Agreement and Implications for Revitalization

The expiry of operating agreement (EOA) in the social housing realm generally refers to:

- The discharge of original debenture/mortgage for the Public Housing and Provincial Reformed projects;
- The expiry of operating agreements for the former federal projects;
- The loss of associated Federal Block Funding; and
- The expiry of certain Rent Supplement Agreements.

The most direct change post EOA that will affect the SMs and the social housing providers is the termination of the federal block funding. For the City of Greater Sudbury, the step down of federal funding will accelerate in the upcoming years, from \$4.4 million in 2018 to a full stop 2031, as illustrated by **Figure 3** below.

**Figure 3 – Pre-determined Annual Federal Block Funding for the City of Greater Sudbury (Debenture Deducted)**



Source: City of Greater Sudbury

Other than federal funding, another notable potential impact of EOA that affects all programs is the flexibility to refinance: the EOA will free projects developed under all transferred programs from the provisions of the SHA, which alleviates all of them from incurring mortgage related penalties. However, many of these projects do not operate with significant revenue surpluses, which restricts the debt servicing potential absent additional subsidies or increasing rents beyond affordable levels. This will be explored in greater detail in later phases of the revitalization plan.

## 5.1 EOA Impact on Public Housing, Provincial Reformed, and Rent Supplement

For the Public Housing and Provincial Reformed programs, funding obligations are expected to continue post EOA by the City for the following reasons: 1) the funding requirements for these program categories are enshrined in the HSA with no end date prescribed. 2) The Public Housing and Provincial Reformed projects supply a total of 2,997 RGI units in the City of Greater Sudbury, which is 83% of the minimum SLS prescribed for the service area (3,603 RGI units). The SLS requirement survives beyond the EOA date. Similarly, since the transferred rent supplement units are also counted towards the SLS, the City is also likely to continue the funding of this program post EOA. The following impacts of EOA on these programs are expected to largely be felt by Service Managers:

- The Public Housing projects are 100% RGI units and therefore are unlikely to be viable without ongoing operating and capital subsidies. While some of the lost Federal Block Funding will be unnoticeable given that mortgages/debentures will also expire, this funding also covers a portion of the operating subsidy. The portion of the operating subsidy that was covered by this funding will therefore be shifted to the responsibility of Service Managers post EOA.
- The Public Housing projects are some of the oldest housing stock (between 40 and 70 years) and many of them have significant backlog of capital repairs. As they continue to age, capital repair needs will be increasingly prominent. With the continued obligation to maintain this stock, Service Managers are bound to address these capital issues either through funding or other revitalization strategies.
- The Provincial Reformed projects also have a relatively high RGI proportion, which make them unlikely to be self-sustaining without an ongoing subsidy. The federal block funding covers a portion of the RGI subsidy of these projects, and upon EOA that portion will also become the responsibility of Service Managers. Similar to the Public Housing Program, Service Managers are obliged to continue funding this program post EOA.
- The Provincial Reformed stock is generally newer than most of the other social housing projects, with most of them under 35 years. Each project should have a capital reserve fund maintained. However, the adequacy of reserve funds for these projects within the CGS Service Area and across the Province varies. Projects with insufficient reserve funds will likely rely on assistance from Service Managers and other sources of funding from senior levels of government.
- Within the City of Sudbury, there are two types of rent supplement programs:
  - Legacy rent supplement programs: In 2000, social housing programs downloaded to the City of Sudbury include 611 rent supplement units.
    - These units are counted towards the City's SLS under the HSA.

- Subsidies for most of these transferred rent supplement units are cost-shared between the federal government and the City. Length of the agreements signed with the federal government is typically 35 years.
  - When these agreements expire, there is no stated obligation for a SM to renew. However, these rent supplement units are counted towards the SLS, which could require a SM to renew the agreement or replace RGI units in another way (e.g. brick and mortar or rent supplements in another project). If the City does renew the agreement, they will be responsible for funding the entire subsidy, as the federal funding will terminate as the agreements expire.
  - We understand that in Sudbury, when a rent supplement agreement from the legacy rent supplement programs has expired, the City has renewed the agreement and provided funding on its own.
- Post 2000 rent supplement programs: after the download, rent supplement agreements were entered into under various affordable housing initiatives (e.g. provincial Strong Community Rent Supplement, IAH).
    - These units are not under the purview of the HSA and therefore are not counted towards SLS.
    - Subsidies come from their respective funding program. Length of the agreements varies but are usually shorter than the legacy programs.
    - There is no obligation on the City's side to continue the funding upon their expiry.

Overall, the biggest impact post EOA appears to be the increased financial commitment from the SM to these projects over the long-term. The SM will be required to fund the Public Housing and Provincial Reform projects as currently administered (minus relevant mortgage subsidy), without the portion of Federal Block Funding that currently covers operating expenses. Similarly, the SM will be required to renew rent supplement agreements and be solely responsible for the funding of these units to maintain the SLS, or develop new RGI units. It is also expected that the capital subsidy provided to projects will increase looking forward as buildings age. However, there appears to be little risk related to the loss of affordable housing or changes to the current supply and depth of affordable housing currently offered, assuming funding commitments remain. The legislative framework outlined in Section 4 will remain in force and will ultimately influence revitalization strategies, especially relating to SLS and the option to redevelop, sell or refinance assets.

## 5.2 EOA Impact of Federal-led Programs

The transferred Federal-led projects, including Urban Native and Municipal Non-Profit projects, still have their original operating agreements and would no longer be subject to the HSA upon



reaching EOA. All of the funding obligations would cease and these projects would be mortgage free assets. It is generally understood that there will be no legal obligation on the part of the City of Greater Sudbury to offer any assistance to these federal projects. Similarly, there is also no legal obligation for these projects to remain affordable.

Generally speaking, most of these projects have been self-sustaining throughout their existence. Some projects have never received an operating subsidy, and the others have only received a mortgage payment subsidy, and are therefore expected to be self-sustaining once the debt and debt subsidy expire. As an example in Sudbury, the Federal project La Ruche de Coniston reached EOA in October 2015 and has not required support to remain in operation while also continuing to offer affordable housing.

Projects that are the most vulnerable post EOA are the Urban Native projects and Municipal Non-Profit projects, as they have been receiving an ongoing operating subsidy. In Sudbury, two units in the Urban Native portfolio have raised rents to market rates upon reaching EOA. A Municipal Non-Profit project, Gorham's Court in Dowling, is also reaching EOA in 2018. The project is expected to raise rents to be viable, however, it could have difficulty in charging market rent given the relatively shallow rental market in its location. To mitigate the impact of EOA, the City may offer rent supplements to some RGI tenants that currently live in this building once the mortgage expires.

Although the City of Greater Sudbury is expected to be free from legal obligations for these federal projects, it is generally the City's interest to maintain existing affordable housing stock within its Service Area. Through its Housing and Homeless Plan, the City of Greater Sudbury stated the goal of ensuring strategies along the full housing continuum, which indicates its interests in keeping the former federal-led projects viable, as they remain a key source of affordable units with lower end market rents.

Similar to the other social housing projects, Federal-led projects face aging building stock and increasing capital needs. It should be noted that the current capital repair programs discussed in this report (e.g. SHRRP, SHARP) requires a social housing project to be under the purview of the HSA in order to qualify. Upon EOA, the Federal-led projects would fail to meet this requirement. In fact, some federal-led projects in Sudbury have chosen not to pursue funding from those programs as their EOA was approaching.

Overall, there is a risk that some Federal projects could increase market rents post EOA as they are no longer obliged to remain affordable. Similarly, some projects that are in weak market areas and cannot be self-sufficient without an ongoing subsidy, may be forced to raise rents to remain viable. EOA therefore could result in the loss of affordable housing supply within this portfolio, especially the segment that is currently serving the households most in need.

### 5.3 Moving Forward

In November 2017, the federal government released the National Housing Strategy (NHS), which intends to address a wide range of housing issues. The new NHS contains a New Canada Community Housing Initiative that directly speaks to the legacy social housing programs that were transferred to the provinces. This initiative offers a total of \$4.3 billion to protect households living in existing housing stock administered by the provinces (by the SMs in Ontario's case), and to support repair and renewal of the existing supply and potentially expand the supply. Provinces are required to cost-match this funding in order to participate. At the time of this study, details of this potential federal-provincial partnership funding remains unavailable. However, despite being a much larger amount than other recent affordable housing initiatives (e.g. IAH), the new program is unlikely to be a long-term funding commitment at this stage.

In 2016, the Ministry of Housing released an Update to Ontario's Long-Term Affordable Housing Strategy (LTAHS). The Strategy recognized a need for modernizing the social housing stock across the Province as the rules they are subjected to, embedded in the HSA or their original agreements, are outdated and rigid. The proposed modernization framework contains a few elements that may have implications on EOA, which includes:

- SMs will be allowed to use other forms of appropriate, municipal funded housing assistance, such as portable housing benefits, to contribute to their SLS.
- An accreditation of "Registry of Housing Providers with a Social Purpose" will be introduced, which is expected to support affordable housing providers that have reached their EOA. Housing providers that participate in this registry would enjoy continued advantages in areas such as special tax treatment and eligibility for grant funding if they continue to provide social housing.

Under the new framework, the funding obligation of legacy social housing programs will continue to be with the SMs. At the time of this study, the LTAHS does not offer a long term commitment of funding dedicated for operating subsidy for the legacy programs.

Notwithstanding the above, from the City of Greater Sudbury's perspective, new funding from the NHS and other initiatives represent excellent opportunities to upgrade/retrofit their existing stock which could entail future savings on operating costs. Moreover, within the existing legislative framework, opportunities exist for SMs to optimize the existing program portfolio through a series of revitalization strategies. It is however important to note, that the City's service level is slightly below the target prescribed in the Housing Services Act, which means any redevelopment efforts would need to (at a minimum) replace the exact same number of RGI units immediately. On the bright side, in consulting with the Province, flexibilities are given to the Service Managers in terms of replacing RGI units – units can be replaced in "brick and mortar" projects or in the form of rent supplement or portable housing allowance.

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The City of Greater Sudbury

# **Housing Demand and Supply Analysis**

Background Report

N. BARRY LYON CONSULTANTS LIMITED

MARCH 2018

# Housing Demand and Supply Analysis Background Report

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*The conclusions contained within this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.*

*This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.*

## Executive Summary

N. Barry Lyon Consultants Limited has been retained by the City of Greater Sudbury to undertake a Social Housing Revitalization Plan, which aims to develop a range of strategies designed to revitalize and optimize the aging social housing stock. The Revitalization Plan will be guided by research summarized in a number of background reports. This background report provides an analysis of housing supply and demand in the City of Greater Sudbury for both market and affordable housing. The following is a summary of the key findings:

### **Population growth will continue to be modest and the population is aging:**

- The City's population has increased modestly between 2006 and 2016 and the population is aging.
- Population forecasts for the City of greater Sudbury indicate that these trends are expected to continue looking forward to 2046. The City's population is projected to increase by only 6,860 people between 2016 and 2046, representing a total growth rate of 4.1%.
- The forecasted trajectory of growth expects that the population will increase modestly to 2031 and then begin to slow.
- The forecasted trajectory of growth expects that the population will increase modestly to 2031 and then begin to slow. The projections estimate that all age groups under the age of 65 will decrease while the population over the age of 65 will increase by nearly 34%. These trends would result in 23% of the City being over the age of 65 by 2041, which compares to only 17% as of the 2016 census.

### **Modest population growth will have a corresponding impact on new housing demand:**

- Approximately 260 new homes might be needed each year between 2016 and 2036, which will then decrease to an annual average of only 80 new homes between 2036 and 2046 to accommodate growth as well as shifting demographics and smaller household sizes.
- The housing market has already begun to reflect this forecast. New housing starts in the City ranged between 400 and 600 homes between 2006 and 2012. Since this time however, housing starts have decreased to an average of 250 homes per year. Rental apartments have begun to account for a larger share of housing starts in the City since 2011, however the market is still dominated by ownership housing that has primarily been supplied through single-detached homes.

### **Demographic shifts will have an impact on housing demand:**

- A significantly aging population will require a broad range of housing that includes greater accessibility, housing with lower maintenance requirements, and housing with support services. It is also likely that there will be a greater need for affordable housing as a larger

proportion of seniors with a fixed income will require access to affordable and accessible living accommodation.

- For seniors that will remain in market housing, a variety of options are available. These populations can modify their current residence to facilitate aging in place, move to an accessible apartment unit, purchase a single-floor home such as a bungalow, or move to supportive housing.
- The Housing and Homelessness Background Study (2013) noted a need for more supportive housing, assisted living services, and long term care facilities. This will become even more pronounced as the population continues to age.
- Other seniors may require affordable/subsidized housing, however many of the units within the affordable housing portfolio are not likely to meet their needs (e.g. low-density homes, walk-up apartments, other apartment sites with accessibility challenges). Any affordable development should be constructed with accessibility in mind. The exiting affordable housing supply may also have to be modified/renovated to improve accessibility and accommodate an increasingly older population.

**The home ownership market is dominated by resale housing with relatively flat pricing:**

- Resale homes are a much larger proportion of the total market activity in the City, which is primarily due to the price gap observed between resale homes and new homes. The average price of a resale detached home (\$250,000) is noted to be approximately half the cost of a new detached home (\$505,000). Home purchasers and suppliers are observed to be more likely to purchase and renovate a resale property than to purchase a new home given this market context.
- Resale pricing has been relatively flat since 2011 and market conditions are currently observed as balanced. Overall, price increases have been slightly above inflation since 2011.
- Given the forecasted outlook, it is likely that modest price increases would be expected looking forward, which would largely maintain current affordability levels (subject to future changes in household income).

**There appears to be an oversupply in the rental market:**

- The City added 861 new rental units since 2010, averaging 123 new rental units each year. The majority (80%) of rental housing is currently located in the Former City of Sudbury. This geography also accommodated the majority of new rental development since 2010.
- The increase in supply, combined with modest population growth, has resulted in the vacancy rate in the City rising from 2.9% in 2010 to 4.3% as of 2017. While there were 349 vacant rental units in the City in 2010, there are 555 vacant units as of the end of 2017.
- While the vacancy rate decreased between 2016 and 2017, indicating that demand outpaced the added supply of 96 rental units over this period, Greater Sudbury's vacancy rate has been the highest out of all Ontario CMA's over the past two years.

### **Despite macro level indicators, the rental vacancy rate is tighter for the older housing stock**

- The results of NBLC's rental survey indicates that vacancies are higher for the newer and more expensive rental housing options across the City. Some of the new larger rental developments in the City have had trouble leasing all of their units, which appears to be driving the higher City-wide vacancy rate identified by CMHC.
- Notwithstanding the above, smaller projects (15-20 units) appear to do well in the market, especially those targeted towards students and seniors.
- Comparatively, the older and less expensive rental housing stock has a much lower number of vacancies than the new supply as per discussions with landlords and the number of advertised units.
- It is therefore observed that demand for the less expensive rental housing in the City remains strong. The results of the high level market indicators should therefore not be interpreted as a lack of demand for lower end of market (LEM) rental housing.

### **Rental rates are increasing modestly:**

- Rental rates have increased since 2010 by an annual average of around 3.1%. Rental rates rising slightly above inflation is considered healthy in a lower growth market like Greater Sudbury, which was also observed in the resale housing market.
- The introduction of new and/or renovated units into the market is also a contributor of rental rate growth. While we are not able to isolate the increase in rents for the older rental stock, it is likely to be slightly lower than the overall average reported by CMHC.
- The relatively high rental vacancy rate combined with both modest population growth and modest additions to the rental supply is expected to result in modest increases to rental rates looking forward, which should maintain current affordability levels.

### **The outlook for new rental development by the private sector is modest:**

- Given a near-flat population growth projection, the relatively high vacancy rate in most areas, and the higher number of vacancies in newer rental developments, there appears to be soft demand for additional rental units in the City of Greater Sudbury for the years to come.
- Notwithstanding the above, there could be demand for a small number of additional rental products in select communities, such as the Downtown, New Sudbury, and Valley East/Capreol, due to consistently tight vacancy rates observed in these areas.

### **Incomes are rising, but primarily being driven by a rise in high income households:**

- Incomes in Greater Sudbury have risen considerably over the past ten years. The number of lower income households have also modestly decreased over the same period.



- However, the growth in income is being driven primarily by the growth in high income households. The number of households earning more than \$125,000 in the City has increased significantly between 2011 and 2016, whereas the majority of households in all other income brackets have decreased modestly.

**The supply of RGI housing does not align with demand:**

- There is not enough RGI housing in the City, which is resulting in a significant number of households on the wait list. Overall, there are over 1,000 households seeking RGI housing in the City, with the majority of tenants waiting over three years before they are housed.
- The current supply of RGI housing also does not match the demand, as the vast majority of tenants are looking for a one-bedroom unit whereas this unit type only accounts for roughly 40% of the total brick-and-mortar stock. Approximately 88% of all households on the wait list for RGI housing are seeking a one-bedroom unit. Seniors make up approximately 44% of all RGI wait list applicants, and virtually all of these households are seeking a one-bedroom unit. Conversely the wait list for larger bedrooms is much smaller with significantly shorter waiting times.
- The current supply of RGI housing should be expanded to address these observations. One-bedroom units should be the primary unit type contemplated in any (re)development scenario or other revitalization strategy. One-bedroom units are the most in demand unit by far for both senior and non-senior RGI households.
- The most utilitarian approach to the expansion of the supply might be to develop RGI housing for all ages, however it has been noted in multiple studies that seniors can feel uncomfortable in mixed-age buildings. Given that there is currently only one dedicated seniors RGI building in the Greater Sudbury Housing Corporation's (GSHC) portfolio, an expansion of supply that includes both adult and senior dedicated buildings should also be considered.
- While non-seniors currently account for a larger share of the RGI wait list (56%), the projected aging of the population is likely to increase seniors' share of RGI demand looking forward.
- A realignment of the current supply, rather than an expansion, could also be contemplated. A realignment could include strategies such as selling low-density RGI homes that are multi-bedroom and using the equity to develop one-bedroom RGI units elsewhere. Converting low-density RGI homes into multiple apartments or duplexes/triplexes is also possible.
- Realignment will better supply the market with the most in demand unit type (i.e. one-bedroom RGI), however it will generally not increase the supply or address the size of the current wait list. Similarly, while there is less demand for larger units than one-bedroom suites, there is still demand for these homes as indicated by the wait list. As of 2017, there were 230 households waiting for a three-bedroom or larger home, in addition to the tenants currently living in these properties. Demand would therefore decrease from one-bedroom units but would increase for the larger unit types.

### **The supply of Low End of Market (LEM)/Affordable Market housing does not align with demand:**

- The term LEM/affordable market housing in this report refers to all units that fall between RGI and full market housing. We understand the City uses the term LEM when referring to Federal Projects and Affordable Market when referring to post-2000 projects. NBLC uses both terms to refer to all non-RGI units that are offered below true market rates, unless stated otherwise.
- There are 301 households in the City that are on the wait list for LEM/ affordable market housing in the City. Notwithstanding this, there are nearly 10,000 rental households in the City that are spending more than 30% of their gross household income on shelter costs and nearly 5,000 rental households estimated by CMHC to be in core housing need in the City. This data indicates that demand for more affordable rental housing in the City extends well beyond the 301 households actively looking/qualified for subsidized housing.
- The wait list indicates that demand is relatively evenly split between one (32%), two (42%) and three (18%) bedroom units. This is in contrast to RGI housing, where demand overwhelmingly favours one-bedroom units.
- Seniors make up 58% of the wait list for LEM/affordable market housing, which is expected to increase looking forward as the City's population continues to age. As indicated by the wait list, demand for LEM housing from senior populations show a nearly even split of applicants looking for one and two-bedroom units.
- Any new investment in affordable market housing should target senior households with a mix of one and two-bedroom units, as indicated by the wait list.
- Looking at the characteristics of the 4,915 rental households in core housing need, the vast majority would likely be seeking a smaller unit. One person households account for 2,515 of the total and an additional 490 households are a couple without children. Demand for larger units will come from the 1,385 households that have at least one child under the age 18. The remaining households are classified as "other" by CMHC.
- Of note, 90% of the rental households in core housing need are below the affordability standard as determined by CMHC.
- This indicates that a new investment in affordable market housing could also target the households in core housing need that are not currently on the wait list. Demand for this housing is likely to favour smaller units (i.e. one-bedroom), however two and three-bedroom units are also likely in demand.

### **Affordability issues will not be solved by the introduction of new "market" rental units:**

- The development of new rental housing can alleviate affordability issues in some markets where there is unmet demand for new rental housing. In these markets, the new supply of rental apartments are often observed to free up lower quality units as some tenants may move

from an older apartment to a new and more expensive rental unit. This is often referred to as the “filtering process”. While an increase in supply of new rental housing will therefore increase the average rent of an area as reported by CMHC, it is also possible that less expensive units will become available if market conditions are supportive.

- In Greater Sudbury, these market conditions are not observed. New and more expensive rental housing exhibit higher vacancies than the older and less expensive stock, which indicates that the filtering process is not occurring on a significant scale. The market conditions are also likely not supportive of a significant increase in private sector rental development over the near to medium term.
- Improving affordability options will therefore have to be led by the introduction of affordable rental housing by either the GSHC, non-profit or co-op housing provider, or private sector participant with government funding.

**Affordability issues must be solved by the introduction of new affordable housing units:**

- There is a need to expand the supply of both RGI and affordable market housing. It is recommended that the City and GSHC focus on the expansion of RGI housing for a variety of factors:
  - Though driven by funding opportunities, the private market has proven effective at building affordable market housing with government funding, and have incorporated RGI in these projects through stacked rent supplements. These private affordable housing projects have also addressed affordable housing demand by primarily implementing one-bedroom units and targeting seniors.
  - It is less likely for the private market to build RGI housing, even with government funding.
  - RGI housing is the most in demand housing type in the City. The wait list is long, demand is heavily weighted towards one bedroom for senior and single adults, the needs of tenants are complex, and the GSHC is experienced with managing a RGI housing stock and dealing with RGI tenants.
- The City may also consider offering rent supplements to private landlords to address RGI demand. In times of high vacancy and modest rent increases, private landlords will often react positively to accepting rent supplements. This is proven true in the Sudbury market given the large number of rent supplements in private rental buildings currently, which is also observed in other municipalities across Ontario.
  - As there are 555 vacant private rental units in the City currently, there is an opportunity to offer rent supplements to these landlords to increase the supply of RGI housing. While it is not expected that all landlords would accept a rent supplement, it is likely that this strategy could result in an increase in supply without having to build and manage new housing.

- The City can also offer rent supplements to any new development producing affordable market housing.
- Of note, the wait list for rent supplement RGI units is very high across the service area. There are often over 300 households on the wait list for rent supplements within non-GSHC apartment buildings.

**Apartment units are very popular across the former City of Sudbury:**

- RGI apartment units across the City are predominately one-bedroom units. These units generally have longer wait lists than ground-oriented units, which is particularly prominent in the former City of Sudbury. Across all submarkets in the former City of Sudbury, the buildings with overwhelmingly long wait lists (with 300+ households) are usually at “all ages” apartment projects that contain mostly one-bedroom suites.
- Projects specifically targeting seniors are also generally in demand, but wait lists are typically shorter for these buildings, which reflects the macro wait list data.
- Outside of the former City of Sudbury, the wait lists for apartment units are usually much shorter. Buildings with no age restriction appear to be more in demand than senior only buildings.
- Unlike the former City of Sudbury, ground-oriented units (e.g. townhomes and scattered units) have longer wait lists than apartments in many of the other communities including Rayside-Balfour, Valley East/Capreol, and Nickel Centre.

**New affordable housing developments should be focused in the former City of Sudbury, however specific locations require a site specific analysis:**

- Generally speaking, demand for RGI units is high across the entire City, however wait lists are generally much longer within the former City of Sudbury.
- In all market areas there is a wait list for LEM and affordable market housing, although the longest wait lists are found in buildings located in South End, Minnow Lake, Downtown, New Sudbury, and Donovan/Flour Mill. It should be noted that location is not the only reason for the high demand of these units, we understand that unit types (e.g. one-bedroom stacked townhome marketed as ground-oriented homes) could also have a bearing on their popularity.
- While certain communities have a stronger market appeal than others, the market evidence and housing data indicates that a new investment in RGI and/or affordable market would be marketable in any community within the former City of Sudbury. The demand indicators also illustrate that these communities represent the strongest demand for affordable housing.
- The ultimate decision regarding where to build a new RGI/affordable market project will require a site specific analysis of available options. For example:

- The GSHC's most recent IAH proposal to develop a new affordable market project with RGI rent supplements on Bruce Avenue takes advantage of owned land, which eliminates the requirement to purchase new land. The project also proposed significant space for social service delivery, which would support the 600 other social housing households in the immediate area. From a macro perspective, the Donovan neighbourhood would benefit greatly from the introduction of new affordable housing. On the other hand, the neighbourhood also already contains a large number of social housing units and is relatively disconnected from retail (e.g. grocery store) and other amenities.
  - Alternatively, a project in the Downtown would contribute to the area's revitalization and achieve planning objectives. The project would also boast strong connectivity and nearby amenities/services. However, a site may not be available or might contain some other development constraint that limits the opportunity.
  - This site specific analysis will be undertaken in a subsequent phase of this project and will be integrated with the City's other initiatives such as the healthy communities analysis, community hub initiative, affordable housing CIP, surplus municipal land analysis, and others.
- The stronger private rental markets are found in Downtown, Minnow Lake, South End, New Sudbury, and Valley East areas, which means rent supplement in these areas could be more costly than in other areas.

#### **There are service gaps for social housing tenants:**

- A strategic plan developed by the North East Local Health Integration Network (NELHIN) Expert Panel on housing and health with support from Northern ON Service Delivers Association, Housing Services Corporation, SHS Consulting, and Canadian Mental Health Association (CMHA) Manitoulin-Sudbury identified a gap in the availability, consistency, and coordination of support services for the many vulnerable tenants living in social housing.
- Specifically, the NELHIN strategic plan noted that greater support services are needed for vulnerable social housing tenants such as those with mental health issues, seniors, aboriginal / first nation / metis populations, LGBT populations, and for northern rural/remote communities. The report estimated that there are approximately 3,800 vulnerable tenants in the Sudbury market that would benefit from additional support services.
- The strategic plan also noted that housing providers were finding it difficult to cope with the growing number of tenants with special needs due to a lack of training and resources.

#### **The quality of the existing affordable housing stock is a concern:**

- There is a need to improve and maintain the existing affordable housing stock. The GSHC noted in their most recent application for Investment in Affordable Housing (IAH) funding that

some social housing buildings are reaching the end of their useful life and will require major capital repairs or redevelopment.

## 1.0 Introduction

N. Barry Lyon Consultants Limited has been retained by the City of Greater Sudbury to develop a Social Housing Revitalization Plan, which aims to develop a range of strategies designed to revitalize and optimize the aging social housing stock.

The following background report provides an analysis of housing supply and demand in the City of Greater Sudbury for both market and affordable housing. The purpose of the report is to understand current and projected demand for affordable housing in the City relative to the current supply. The analysis will identify where gaps in supply and demand exist and will offer strategies to directly address these issues. The geography of Greater Sudbury will also be assessed to understand where the greatest demand for affordable housing is concentrated.

Market housing will also be assessed to understand how current and future demand is aligned with the housing supply and the possible implications that any misalignment might have on affordable housing demand. Market rental housing will be explored in considerable detail to understand the affordability profile of this housing, vacancy and rental rates by building quality/location, core housing need, and the overall market outlook for this product type. Many of the market variables assessed will be used as market inputs when completing financial analyses of redevelopment scenarios, which will be completed in a subsequent phase of this Revitalization Plan.

The findings of this background report will be utilized to inform the recommendations and help guide decision making of the larger Revitalization Plan.

## 2.0 City of Greater Sudbury Asset Base

Within the City of Greater Sudbury there are 4,394 “brick-and-mortar” social housing units developed under a wide range of funding programs since 1940. Within these projects there are a total of 3,127 “rent-geared-to-income” (RGI) units. Additionally, there are also 738 rent supplement units across the City. These are units with rent supplement agreements where housing providers take tenants from the RGI wait list and receive a subsidy to bridge the difference between RGI rent and its market rent. Of these agreements, 83 are signed with social housing providers and the remaining are with private landlords. With rent supplement units included, the City of Greater Sudbury has a total of 5,049 social housing units, which includes 3,782 RGI units. **Table 1** provides a breakdown of the unit count within each program.

Within the brick-and-mortar units, over 80% were developed before 1995 and fall into one of the three major portfolios: Public Housing, Provincial Reformed, and Federal Programs. These three portfolios, along with the aforementioned rent supplement units, are currently under the administration/funding envelope of the City of Greater Sudbury. The vast majority of this housing stock is 40-50 years old. They are the central focus of this analysis.

There are five post-2000 social housing projects totalling 281 units. The City of Greater Sudbury oversaw the development of these projects but have little administration/ongoing-funding responsibility. Additionally, there are also 411 units belonging to 8 federal co-operative projects located in the City of Greater Sudbury. These projects are directly managed by federal agencies and are not within the scope of this analysis.

The following subsections offer an overview of each housing portfolio.

**Table 1**

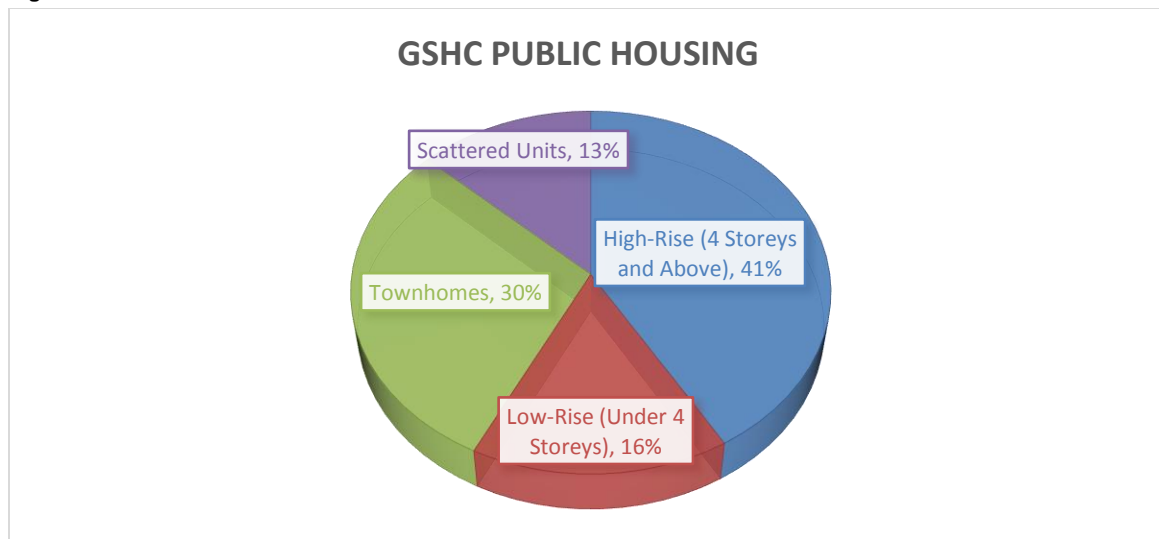
Social Housing by Program City of Greater Sudbury		
Program	#Units	#RGI Units
Public Housing	1,848	1,848
Provincial Reformed	1,461	1,149
Federal Programs	393	8
Subtotal	3,702	3,005
Not Transferred Projects	411	122
Post-2000 Projects	281	0
Total Brick and Mortar Units	4,394	3,127
Rent Supplement	738	738
Rent Supplement within Social Housing	83	83
Net Total Social Housing Units	5,049	3,782
Source: City of Greater Sudbury		



## 2.1 Public Housing

The City of Greater Sudbury has a total of 1,848 units in its public housing portfolio, which is owned and managed by the Greater Sudbury Housing Corporation (GSHC). This public housing portfolio is entirely RGI and contains no modified units. Building types within this portfolio includes a mix of high-rise apartment buildings (4 storeys and above), low-rise apartment buildings (under 4 storeys), townhomes, and scattered single/semi-detached/duplex units. The average age of these assets is approximately 45 years. **Figure 1** shows the proportion of each home type, and **Table 3**, to follow, offers a further unit breakdown by suite type.

**Figure 1**



- Of the 1,848 units, 41% are from six high-rise apartment buildings. All of these buildings are located in the former City of Sudbury.
- There are also nine low-rise apartment buildings (under 4 storeys) totaling 294 units within the public housing portfolio, which account for 16% of the total units. These buildings are found scattered across the Greater Sudbury area.
- Within these high-rise and low-rise apartment buildings, one-bedroom and bachelor suites are the main unit types, accounting for 74% of the total apartment suites. Two-bedroom suites account for about 22%, and three-bedroom units are only 5% of the apartment units.
- At the time of study, only one project, Eddie Lapierre Manor, is seniors only with a total of 101 units. Only one unit in this building is two-bedroom and the rest are one-bedroom suites. Additionally, there are 681 units within this portfolio that are for “adult occupancy”, meaning they are open to all tenants over the age of 16. All adult units are within apartment buildings and most of them are one-bedroom suites.
- There is a sizable proportion of townhome units (30% of total) and some scattered single- and semi-detached units (13%) in the GSHC portfolio. Of note, townhomes are entirely located

within the former City of Sudbury; the scattered homes are mostly in the former City of Sudbury as well, but some supply can also be found in Garson and Chelmsford.

- Townhomes and scattered homes have between two and five bedrooms, but three-bedroom homes appears to be the predominant type, accounting for 61% of all ground-oriented units.

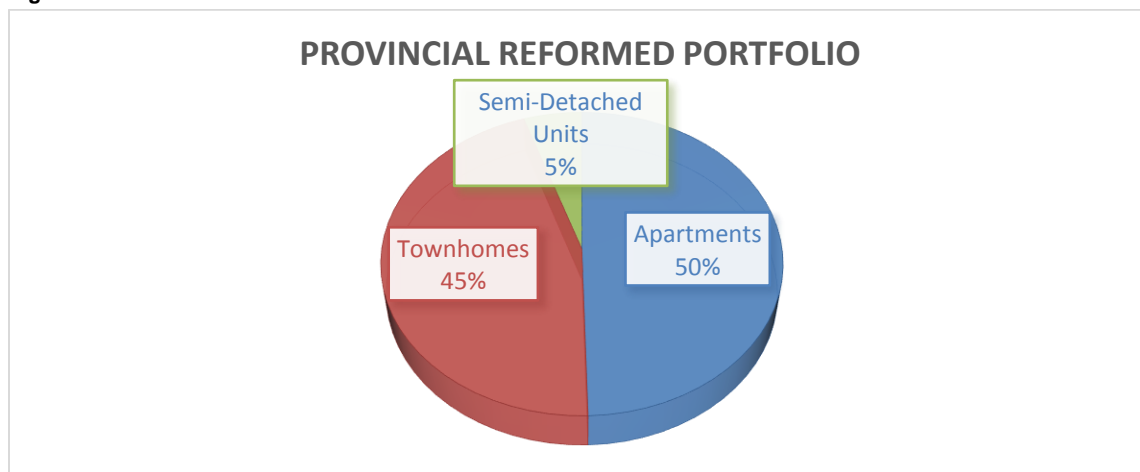
**Table 2**

GSHC Portfolio								
Property Type	Total Units		Unit Mix Breakdown					
	#	%	Bach	1B	2B	3B	4B	5B
High-Rise (4 Storeys and Above)	766	41%	30	570	153	13	0	0
Low-Rise (Under 4 Storeys)	294	16%	8	170	80	36	0	0
Townhomes	547	30%	0	0	100	301	117	29
Scattered Units	241	13%	0	0	4	176	44	17
<b>Total</b>	<b>1,848</b>	<b>100%</b>	<b>38</b>	<b>740</b>	<b>337</b>	<b>526</b>	<b>161</b>	<b>46</b>
<b>% of Total</b>			<b>2%</b>	<b>40%</b>	<b>18%</b>	<b>28%</b>	<b>9%</b>	<b>2%</b>
<i>Source: GSHC</i>								

## 2.2 Provincial Reformed

Provincial Reformed projects totalled 1,461 units which includes 1,149 RGI units. Most of the City's supply of modified social housing units (110 out of 172 units) are within the Provincial Reformed projects. Building types among Provincial Reformed projects include apartment buildings from one to five storeys, townhomes (including stacked townhomes), and semi-detached units. **Figure 2**, demonstrates the breakdown of this portfolio by building type, and **Table 3** offers a suite mix summary for each building type.

**Figure 2**



- Apartments account for about half of the total units within the Provincial Reformed portfolio. These units can be found across the Greater Sudbury area, however the majority of them are concentrated within the former City of Sudbury.
- About 76% of the apartment units are one-bedroom suites, and the remaining are mostly two-bedroom suites.

- NBLC counted about 404 units within buildings specifically targeting seniors or the 60+ population, all of which are within apartment buildings.
- Townhomes account for 45% of the total units in this portfolio. These units are also found across the Greater Sudbury area.
- About 85% of these townhome units are two- or three-bedroom units. About 12% of the townhome units are one-bedroom suites, these are usually stacked townhome units.
- Semi-detached homes within the Provincial Reformed portfolio are all semi-detached homes, and they are only found in Chelmsford and Garson.

**Table 3**

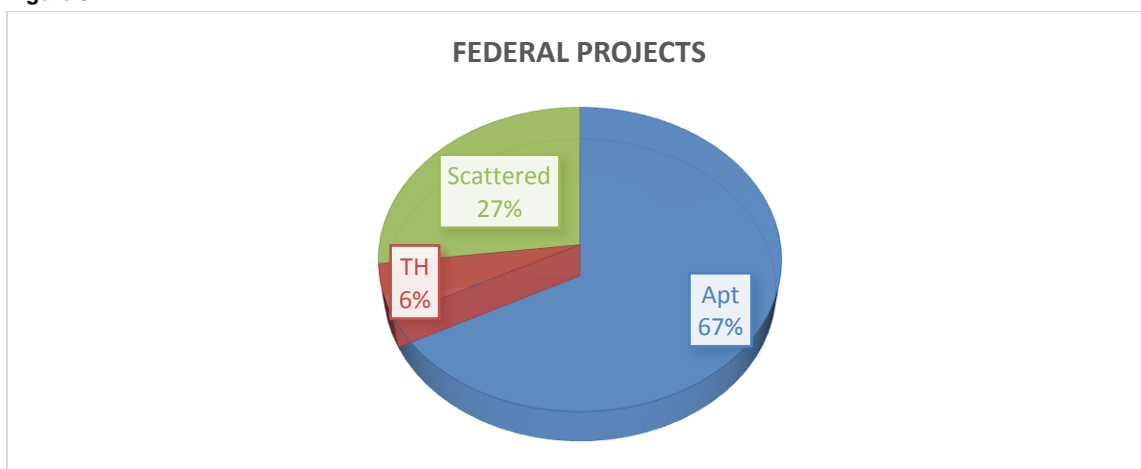
Provincial Reformed Portfolio									
Property Type	Unit	%	1Br	2Br	3Br	4Br	Modified Units		
							1Br	2Br	3Br
Apartment	720	50%	548	147	29	0	46	17	6
Townhomes	666	45%	82	316	245	19	10	18	9
Semi-detached Homes	75	5%	4	38	29	4	0	3	1
<b>Total</b>	<b>1,461</b>	<b>100%</b>	<b>634</b>	<b>501</b>	<b>303</b>	<b>23</b>	<b>56</b>	<b>38</b>	<b>16</b>
<b>% of Total</b>			<b>43%</b>	<b>34%</b>	<b>21%</b>	<b>2%</b>			

*Source: City of Greater Sudbury*

### 2.3 Federal Projects

The federal projects in the Greater Sudbury area totalled 393 units. Only one federal project, Gorham's Court in Dowling contains a total of 8 RGI units, and the remaining units all target the lower end of market (LEM) rent, although many of them (83 units) are stacked with a rent supplement agreement. The federal projects also include 18 modified units.

Building types among federal projects include three apartment buildings from two to 10 storeys, townhomes, and scattered units that include detached, semi-detached, and duplex units. **Figure 3** demonstrates the breakdown of this portfolio by building type and **Table 4** offers a suite mix summary for each building type.

**Figure 3**

- There are 265 apartment units within the federal portfolio in the City of Greater Sudbury, of which 155 units are from the 10-storey apartment building Christ the King located in Downtown Sudbury.
- All of the three federal apartment projects are seniors only or 50+ buildings. Nearly 80% of the apartment units are small suites (one-bedroom or bachelor), and the remaining are all two-bedroom suites.
- There are three townhome projects within the federal housing portfolio, all of which are housing for aboriginal households. The majority of these units are two-bedroom suites while the rest are one-bedroom.
- Scattered homes within the federal projects can be found across the Greater Sudbury area, however there is a large concentration in the New Sudbury area. These homes have between one and four bedrooms while the majority (74%) of them are three-bedroom suites.

**Table 4**

Federal Housing Portfolio										
Property Type	Unit	%	Bach	1Br	2Br	3Br	4Br	Modified Units		
								1Br	2Br	3Br
Apartment	265	67%	4	204	57	0	0	15	1	0
Townhomes	22	6%	0	8	14	0	0	0	2	0
Scattered Homes	106	27%	0	2	16	78	10	0	0	0
<b>Total</b>	<b>393</b>	<b>100%</b>	<b>4</b>	<b>214</b>	<b>87</b>	<b>78</b>	<b>10</b>	<b>15</b>	<b>3</b>	<b>0</b>
<b>% of Total</b>			<b>1%</b>	<b>54%</b>	<b>22%</b>	<b>20%</b>	<b>3%</b>			

Source: City of Greater Sudbury

## 2.4 Rent Supplement Units

The City of Greater Sudbury currently manages 738 rent supplement units, which includes 83 stacked with social housing projects and the remaining are with private purpose-built rentals. These rent supplement units are funded under various programs and have different dates of termination.

Under these agreements, landlords take tenants from the City's RGI wait list and receive a subsidy that bridges the gap between the RGI rents tenants pay and the "market rent" that is approved by the City.

Within the existing rent supplement units, nearly 80% are one-bedroom units, two-bedroom units account for about 8%, and the remaining supply is comprised of three and four bedroom suites.

## 2.5 Post-2000 Projects

There are five social housing projects created after 2000 by private or non-profit sector developers with financial assistance from various provincial programs, summarized by **Table 5**. Three of these projects are located within the former City of Sudbury, and Capreol and Lively each contains one.

Of note, all of the five projects are senior oriented apartment buildings. Units within the new projects are entirely one- and two-bedroom suites.

None of the five projects offer RGI units, although the Raiffeisen building currently has 35 rent supplement units. These projects offer a mix of market and affordable units, and project providers have entered into a 20-year Contribution Agreement that requires they offer the affordable units for 20 years.

**Table 5**

Post-2000 Social Housing Projects							
Project Name	Funding Program	# Units	Affordable Units	1Br	2Br	Modified Units	
						1Br	2Br
Raiffeisen NP Housing Ph II	AHP NORTHERN COMPLEX	80	80	47	33	12	3
Capreol NP Housing Ph II	AHP NORTHERN COMPLEX	20	20	5	15	0	1
Dalron Construction Limited	AHP RENTAL (2009 Extension)	66	64	0	66	0	4
Sudbury Finnish Rest Home Society Inc.	AHP RENTAL (2009 Extension)	82	61	77	5	10	2
Perry And Perry Developments Inc.	IAH	33	32	31	2	0	0
<b>Total</b>		<b>281</b>	<b>257</b>	<b>160</b>	<b>121</b>	<b>22</b>	<b>10</b>

Source: City of Greater Sudbury

### 3.0 Current and Projected Housing Demand Analysis

#### 3.1 Population Growth and Characteristics

The City of Greater Sudbury experienced strong population growth throughout the mid-20<sup>th</sup> century, which was due to the dominance of the natural resource industry in the City. As the industry began to retract in the 1980s, population growth began to slow and even decreased throughout the 1990s and 2000s. During this time, Greater Sudbury consistently had one of the highest unemployment rates in all of Canada. However, the City's economy has diversified and improved since this time, which has resulted in modest population/economic growth as well as an unemployment rate that has largely been below both the Canadian and Ontario average since 2009.

The City's population as of the 2016 census was approximately 161,531, which increased by approximately 1,257 people (0.8% increase) since 2011. This is well below the average growth rate reported for Ontario of 4.6% over this period. Since 2006, the population has only increased by 2.3%.

As per **Table 6**, the population in Greater Sudbury is aging. While the total population increased by 3,675 between 2006 and 2016, the population over the age of 50 increased by 11,650 whereas the population under 50 decreased by 7,975 people. A closer look at this growth reveals that the number of people between the age of 50 and 69 increased by approximately 8,120 people whereas the increase for those over the age of 70 was 3,529 over the same period.

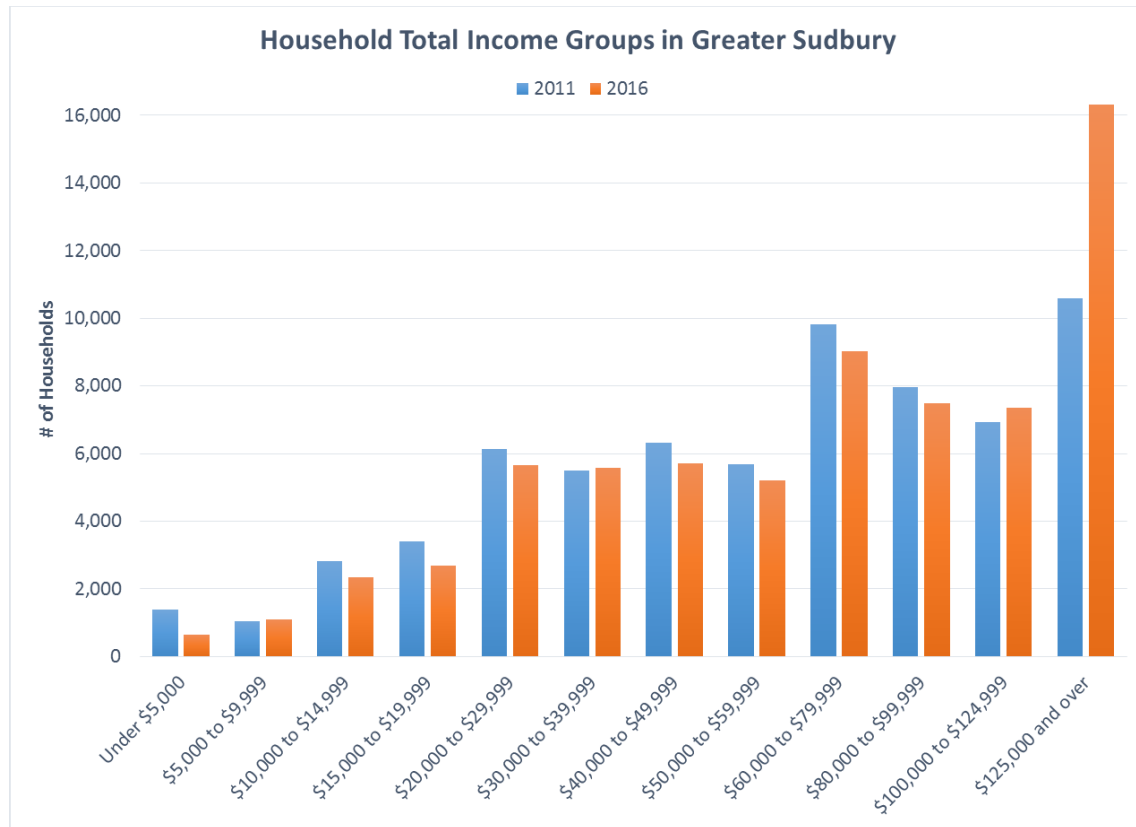
**Table 6**

City of Greater Sudbury Population Growth 2006-2011 by Age Group						
	0-19	20-29	30-49	50-69	70+	Total
2006	37,185	19,520	46,190	38,260	16,702	157,857
2011	35,475	20,220	43,530	43,065	17,984	160,274
2006 to 2011	-5%	4%	-6%	13%	8%	1.5%
2016	34,345	20,375	40,200	46,380	20,231	161,531
2011 to 2016	-3%	1%	-8%	8%	12%	0.8%
2006 to 2016	-8%	4%	-13%	21%	21%	2.3%
Source: Statistics Canada						

The average household income in Greater Sudbury was \$90,179 as reported by the 2016 census, which increased by 17% since the 2011 census (\$76,772) and 32% since the 2006 census (\$68,126). Similarly, the median household income as reported by the 2016 census (\$71,085) has increased by 14% over the 2011 census and 29% over the 2006 census.

Notwithstanding the growth in income as a whole, a review of income groups between the 2011 and 2016 census reveals a number of interesting findings as depicted by **Figure 4**:

- The number of households earning more than \$125,000 increased by 5,730, which was the largest increase of any income group within the City.
- The number of households earning less than \$5,000 decreased by 730 and the number of households earning less than \$30,000 decreased by 2,325.
- The number of households in each of the income groups between \$30,000 and \$100,000 also decreased by approximately 2,285 in total.
- This data indicates that the growth in income for the City is being driven primarily by the growth in high income households as well as a modest decline of lower income households.

**Figure 4**

Source: Statistics Canada Census Profile for Greater Sudbury

### 3.2 Affordable Housing Wait List Analysis

As of October 2017, there were 1,720 households looking for affordable housing in the City of Greater Sudbury. However, 378 of these applicants are already housed by an affordable housing provider in the City. These 378 applicants are either currently overhoused (46 households), are requesting a transfer to another unit (328 households), or are requesting to move in with another tenant (4 households – Join Applicants). The remaining 1,342 applicants on the wait list are in need of affordable housing and are not currently housed by an affordable housing provider.

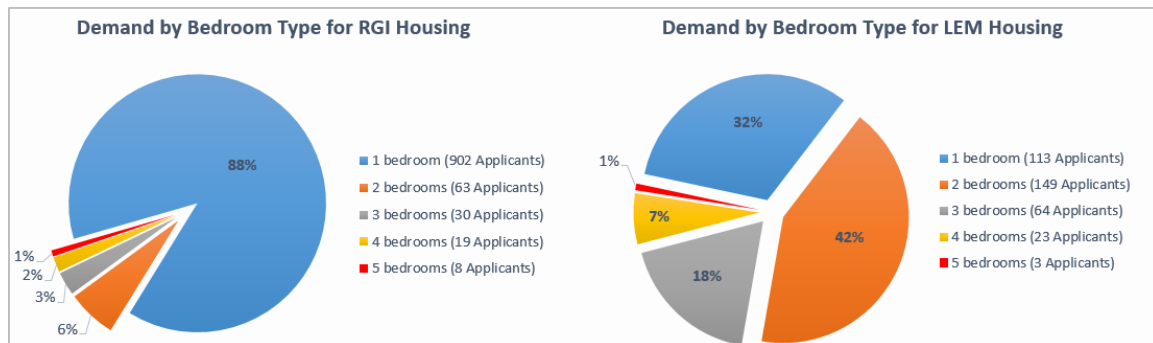
The following provides further commentary on the wait list:

- Of the 1,342 households in need of affordable housing, 1,041 households (78% of total) are in need of RGI and 301 households are looking for low end of market (LEM) housing.
- From a high-level perspective, affordable housing demand is heavily weighted towards one- bedroom units as 73% of all households on the wait list are looking for this unit type. Two and three-bedroom units are the next popular with 15% and 7% of the wait list looking for this bedroom type respectively. There are only 102 households looking for larger 4 or 5 bedrooms, representing only 6% of the wait list combined.

City of Greater Sudbury Social Housing Wait List Summary Data	
<b>Already in Housing</b>	<b>378</b>
Join	4
Overhoused	46
Transfer	328
<b>Not Currently Housed</b>	<b>1,342</b>
RGI	1,041
LEM	301
<b>Total Applicants</b>	<b>1,720</b>
Source: City of Greater Sudbury Social Housing Wait List Data October 2017	

- Breaking down the wait list by affordability level reveals differences in demand between the two groups:
  - RGI Applicants: 88% of all households are seeking a one-bedroom unit. Demand decreases in a linear fashion for larger units as depicted below.
  - LEM: Demand is more evenly distributed between one and three-bedroom units, however very low demand for the larger 4 and 5 bedroom-units is observed.

**Figure 5: Demand for Bedroom Type by Affordability Level**



Source: City of Greater Sudbury Social Housing Wait List Data (October 2017)

- The wait list is generally made up of four groups of applicants:
  - Special Priority Applicants: The Special Priority Policy (SPP) provides priority access to social housing for victims of domestic violence and survivors of human trafficking. These applicants are provided the highest priority on the wait list when a unit becomes available.
  - Urgent Applicants: These applicants are granted second priority in access to social housing and typically includes homeless individuals but can also include others such



as those with a recently lost/destroyed home or those who require housing to reclaim children from government care.

- Senior Applicants: Anyone over the age of 65 will qualify as a senior applicant. While these applicants are not granted priority access, unless they also qualify as Special Priority or Urgent, they are eligible for housing that is exclusively supplied for seniors. They are also eligible for non-senior buildings.
  - Chronological Applicants: All other applicants are ranked in chronological order from the date their application was received. Seniors are a sub-group of the chronological applicant group.
- Of the 1,720 applicants on the wait list, 99% are non-priority and on the chronological list. Of those on the chronological list, 37% (635) are seniors and the remaining 1,065 are non-senior applicants. Special Priority and Urgent applicants make up a very small proportion of the wait list.
- Seniors represent 44% of all RGI applicants (460 households) and 58% of all LEM/affordable market applicants (175 households). Of note:

City of Greater Sudbury Social Housing Wait List by Applicant Type		
Priority Applicants	20	1%
Special Priority	9	0.5%
Urgent	11	0.6%
Non-Priority Applicants	1700	99%
Senior	635	36.9%
Chronological	1065	61.9%
<b>Total Applicants</b>	<b>1,720</b>	<b>100%</b>
Source: City of Greater Sudbury Social Housing Wait List Data October 2017		

- Nearly all of the senior applicants on the RGI wait list are looking for a one-bedroom unit (99.6%). However, demand is nearly split between one and two-bedroom units for seniors looking for a LEM/affordable market unit (45% and 51% respectively).
- **Figure 6** illustrates the number years that it takes to house an applicant seeking an affordable housing unit in the City of Greater Sudbury. The following observations are noted:
  - For an RGI unit, it takes much longer to house a tenant seeking a one-bedroom unit. For apartments operated by the GSHC, it takes nearly 4.4 years to house a tenant. For apartments owned privately (through a rent supplement) or by a non-profit or coop, it takes even longer to house a tenant.
  - It takes anywhere between 1 and 2 years to house an RGI tenant looking for a larger townhome or semi-detached unit, with no major discernible differences between the housing corporation, private units, and non-profits/coops.
  - An exception to the above two points is noted for the scattered RGI single-detached home. It takes upwards of 4 years to house a tenant looking for this product, which we understand is due to the relatively low turnover rate of these units.
  - Unlike the RGI portfolio, the wait times for the LEM units are consistently longer for all bedroom types and product types. This confirms the observations of Figure 5, where RGI demand is heavily weighted towards one-bedrooms where demand for LEM is more evenly distributed amongst all bedroom types.

▫

- The wait list for LEM scattered units is particularly long, reaching as high as 11 years for 2 and 3 bedroom units.
- While the wait list for LEM is much lower than RGI, the wait times for units are longer for LEM. This appears to be due to the fact that there are fewer LEM units in the portfolio and also because these units experience lower turnover than the RGI portfolio.

**Figure 6**

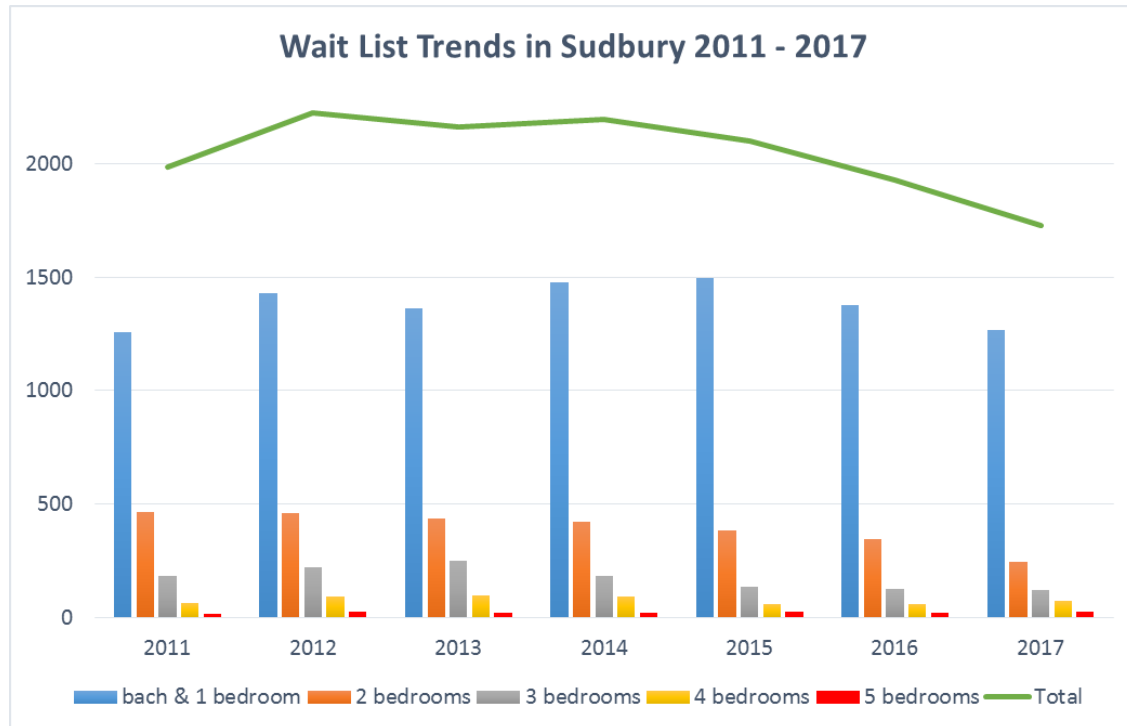
Wait Time in Years for Affordable Housing by Building Type and Affordability Depth - July 2017 Wait List						
	Bachelor	1 BR	2 BR	3 BR	4 BR	5 BR
RGI LHC Apartments	3.5	4.4				
RGI Private Landlord Apartments		6.5	1.6	1		
RGI Non-Profit & Coop Apartments		5	1	1		
RGI LHC Townhomes			1.7	<1	<1	1
RGI Non-Profit and Coop Townhomes		6	1.4	1	1.8	
RGI Semi-Detached		5	1	1	3	
RGI Scattered Single-Detached			3	1.5	4	4
LEM Apartments		5.3	5.5	2		
LEM Townhomes		4.8	6.1	4.1	2.4	
LEM Semi-Detached		7	7	5		
LEM Scattered Single-Detached			11	11	5	
Modified Apartments		2.9	3.6	2		
Modified Townhomes		2.8	3.5	3.3		
Modified Semi-Detached		2	5	2		

Source: City of Greater Sudbury

- Evaluating the wait list by applicant characteristics reveals a number of key findings:
  - There are 823 applicants without any dependants and 279 applicants with at least one dependent.
  - 256 of the applicants are on Ontario Works and 660 are on Ontario Disability Support Program. There are also 51 student applicants supported by OSAP.
  - Communities such as Sudbury that have a shorter social housing wait list relative to other cities in Ontario can attract a significant number of applicants from areas outside of the community. A review of the current address of applicants on Sudbury's social housing wait list reveals that this is not the case, as less than 10% of the wait list is made up of individuals from outside of Greater Sudbury and the immediately surrounding communities.
- The social housing wait list has fluctuated since 2011. In 2011, the wait list contained approximately 1,980 households and has fluctuated between 2,100 and 2,225 between 2012 and 2015. As noted, the wait list currently sits at 1,720 households.

- Overall, demand for one, four, and five-bedroom units have remained relatively stable between 2011 and 2017. One bedroom units have been the most in demand unit by a large margin since 2011. However, demand for two and three-bedroom units have measurably decreased over this period.
- Between 2011 and 2017 the wait list has decreased by approximately 255 applicants. Two and three bedroom units decreased by 282 applicants (220 and 62 respectively) whereas the other three suite types each increased modestly.

Figure 7



Source: City of Greater Sudbury Social Housing Wait List Data

- As per the City of Greater Sudbury Housing and Homelessness Background Study (2013), there were 998 RGI applicants on the wait list that were not currently housed, which compares to 1,041 as of 2017.

### 3.3 Core Housing Need Analysis

The following provides an analysis of those in core housing need, which is based on the 2016 Census of Canada as well as analyses and special data compiled by CMHC from the 2011 Census (2016 analysis has not yet been completed).

As of the 2016 Census, the City contains roughly 68,975 dwelling units occupied by usual residents with an income greater than “\$0” and in non-farm, non-reserve private dwellings. Of this total, the following data is made available:

- Approximately 14,855 homes (21% of all households) were spending 30% or more of their income on shelter costs. This is slightly down from 2011, when 22.5% of households (15,260) were spending 30% or more of their income on shelter costs.
- Of all homes in the City of Sudbury, 66% are owned and 34% are rented. Of all owned households, approximately 11.5% are spending more than 30% of gross household income on shelter costs.
- Of the remaining 34% of homes that are rented, nearly 41% are spending 30% or more of their gross household income on shelter costs. Both of these indicators are very similar to the numbers reported in the 2011 census.
- This data indicates that there are approximately 14,900 homes that are spending more than 30% of their gross household income on shelter costs, which includes 9,683 rental and 5,218 ownership households.

The above data indicates that it is far more likely for a renter to exceed 30% of gross household income on shelter costs than it is for a home owner. This is not surprising given the lower incomes observed for renters relative to home owners. For reference, in Greater Sudbury the average household income of a homeowner in 2011 was \$93,408 whereas the average income of a rental household was only \$41,484. This data is another indicator that the affordable housing supply is not meeting demand, as nearly 15,000 households are not currently meeting the affordability threshold as defined by Statistics Canada.

While the above data is useful, CMHC has further sorted and assessed this data and completed a core housing need analysis for municipalities across Ontario. The data provides a more detailed breakdown of those identified as being in core housing need, which is defined by CMHC as:

“A household is in core housing need if its housing does not meet one or more standards for housing adequacy (repair), suitability (crowding), or affordability and if it would have to spend 30 per cent or more of its before-tax income to pay the median rent (including utilities) of appropriately sized alternative local market housing. Adequate housing does not require any major repairs, according to residents. Suitable housing has enough bedrooms for the size and make-up of resident households. Affordable housing costs less than 30 per cent of before-tax household income”.

The above definition therefore assumes that if a resident is paying 30% or more of gross household income on shelter costs but could find suitable housing in the market for less than 30% of their income, they are not considered to be in core housing need. Similarly, a household that is not spending 30% of gross household income but are living in an unsuitable home (needs repairs, too small for the household) and could not afford a more suitable home, would be considered in core housing need.

**Table 7** outlines the general characteristics of those in core housing need according to CMHC as of the 2011 Census within Greater Sudbury. The following assesses this data:

- The number of households in core housing need is approximately 6,480, around 10% of the total households in the City. In 2006 there were 6,315 households in core housing need.
- Homeowners make up approximately 24% of all the households in core housing need, representing approximately 1,565 households. Those who own their home and are not meeting one of the three requirements of housing adequacy are less likely to sell their property and move to affordable housing for the following reasons:
  - Often those purchasing a home will stretch themselves financially as real estate is often viewed as a good long-term investment.
  - Those who are able to purchase a home are likely to have a higher income as they were able to save for a down payment and cover a mortgage and other housing costs. If these households were to make a change due to affordability constraints, they are likely to take the equity gained and buy a less expensive home or rent a market unit.
  - Those households in core housing needs due to adequacy (repairs) or suitability (size) are also unlikely to sell and move to affordable housing if they can manage, as they likely view the long-term equity gain in their home as enough of a reason to remain.
  - It is important to note that the above commentary is observational. While these homes may be in need of affordable housing, this report is estimating the demand for affordable housing and therefore these observations remain important.
- The remaining 76% of households in core housing need is from those who rent. These 4,915 households do not meet one of the three tests of housing adequacy and represent approximately 24% of all rental households in the entire City. These rental households who are in core housing are much more likely to demand some form of affordable housing (affordable market or RGI). These households are not able to purchase real estate and are renting a home that is either too expensive relative to their income and/or inadequate to their needs.
- CMHC notes that of the 4,915 rental households in core housing need, 90% fall below the affordability threshold.
- Interestingly, though 4,915 rental households are noted to be in core housing need as of 2011, the wait list for affordable housing in the City has typically only ranged between 1,700 and 1,900 households. As of 2017 and noted previously, the wait list for affordable housing in the Service Area was 1,720 (however, only 1,342 applicants are not currently housed within social housing).
- It is therefore noted that of all households in core housing need, a small proportion is actively looking/qualified for affordable housing in the City. The remaining households may prefer to live in market housing even if they are being stretched financially, which could be due to a

variety of factors related to a stigma, location of affordable housing options, quality of affordable housing, and similar concerns. Regardless, this population is likely to be in need of other affordable options to relieve affordability pressure, such as affordable market housing options at a proportion of AMR.

**Table 7** also illustrates the general characteristics of those in core housing need:

- For renters, the largest number of those in core housing need are those aged 45 to 54, accommodating nearly 25% of the total. The remaining proportions are relatively split evenly amongst the other age groups.
- For ownership housing, older age groups (over 45) accommodate the vast majority of households in core housing need.
- Looking at the proportions of all rental households in core housing need by age group does not provide any discernible trend. The prevalence of core housing need by age group is generally consistent amongst all age groups, ranging between 18% and 30%. Of note, seniors show the lowest propensity for core housing need.
- The data indicates that aboriginal rental households are more likely to be in core housing need than the rest of the population. Immigrant household data was small and does not reveal any significant findings.
- For rental households, homes have a higher chance of being in core housing need if they have children under the age of 18. The same is also generally true for households that have a person with activity limitations.
- Lone parent households are far more likely to be in core housing need than two parent households, which is true for both ownership and rental households.
- Looking at the characteristics of the 4,915 rental households in core housing need, the vast majority would likely be seeking a smaller unit. One person households account for 2,515 of the total and an additional 490 households are a couple without children. Demand for larger units will come from the 1,385 households that have at least one child under the age 18. The remaining households are classified as “other” by CMHC.

Table 7

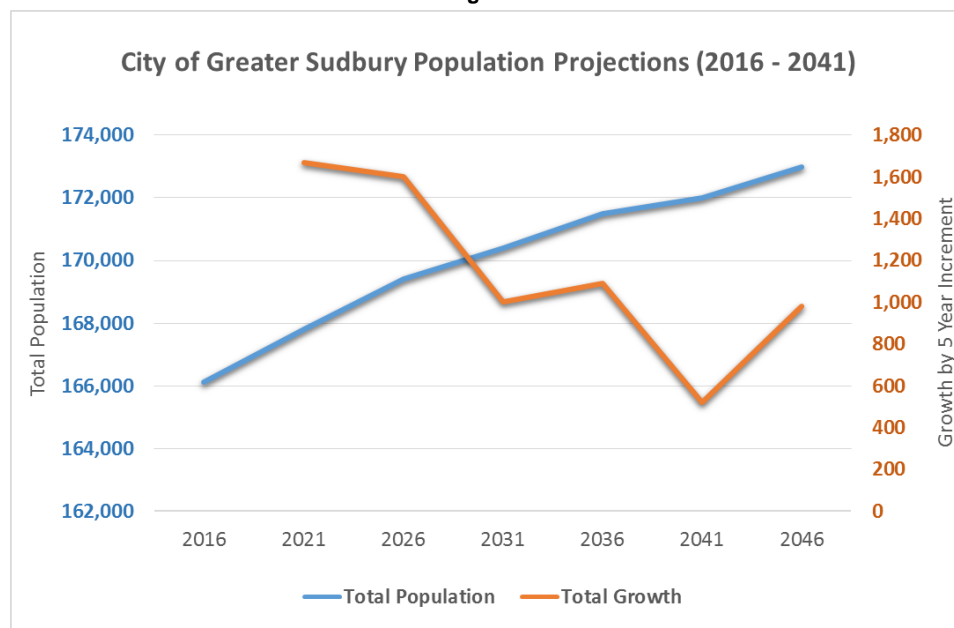
	Households tested for core housing need			Households in core housing need			% of households in core housing need		
	Total	Owners	Renters	Total	Owners	Renters	Total	Owners	Renters
<b>Age of primary household maintainer</b>									
All Households	64,980	44,655	20,320	6,480	1,565	4,915	10%	4%	24%
15 to 24 years	2,380	505	1,875	580	15	560	24%	3%	30%
25 to 34 years	8,890	5,000	3,885	990	190	800	11%	4%	21%
35 to 44 years	10,850	7,870	2,980	1,145	295	855	11%	4%	29%
45 to 54 years	14,540	10,745	3,795	1,440	280	1,165	10%	3%	31%
55 to 64 years	12,240	9,245	2,995	1,010	330	680	8%	4%	23%
65 years and over	16,080	11,290	4,790	1,310	460	855	8%	4%	18%
<b>Immigrant households</b>									
All Households	64,980	44,655	20,320	6,480	1,565	4,915	10%	4%	24%
Non-immigrant	59,245	40,180	19,070	6,110	1,415	4,695	10%	4%	25%
Non-permanent resident <sup>6</sup>	140	35	100	0	0	0	0%	0%	0%
Immigrant	5,590	4,445	1,150	355	145	210	6%	3%	18%
Landed before 1996	5,050	4,130	920	325	135	195	6%	3%	21%
Landed 1996 to 2005	380	215	165	0	0	0	0%	0%	0%
Recent immigrants (landed 2006-2011)	165	100	65	15	0	0	9%	0%	0%
<b>Households with children under 18</b>									
All Households	64,980	44,655	20,320	6,480	1,565	4,915	10%	4%	24%
Household has at least one child less than 18 years old	17,885	13,610	4,275	1,865	480	1,385	10%	4%	32%
Other household type	47,090	31,045	16,045	4,615	1,090	3,530	10%	4%	22%
<b>Activity limitations</b>									
All Households	64,980	44,655	20,320	6,480	1,565	4,915	10%	4%	24%
Household has at least one person with activity limitations	27,730	18,170	9,565	3,670	855	2,815	13%	5%	29%
All other households	37,250	26,485	10,760	2,810	715	2,095	8%	3%	19%
<b>Aboriginal households</b>									
All Households	64,980	44,655	20,320	6,480	1,565	4,915	10%	4%	24%
Aboriginal households	6,940	3,990	2,945	1,040	80	955	15%	2%	32%
Non-Aboriginal households	58,040	40,665	17,375	5,440	1,490	3,950	9%	4%	23%
<i>Source: CMHC Housing Portal</i>									

- This indicates that demand favours smaller units (i.e. one-bedroom) for more affordable rental housing for households that are not actively pursuing subsidized housing but are in core housing need.

### 3.4 Population Forecast and Characteristics

The City of Greater Sudbury retained Hemson Consulting to complete population and household projections, which was completed in April of 2018. Hemson has forecasted that population growth in Greater Sudbury will continue to be modest looking forward to 2046 (**Figure 8**). Overall, the population is expected to increase by only 6,860 people (4.1% total) between 2016 and 2046. As per **Figure 8** the population of Greater Sudbury is projected to increase more rapidly between 2016 and 2026 and begin to slow significantly after this point (as illustrated by the orange line). This is largely due to an aging population, modest economic growth expectations, and low forecasted immigration levels. Specifically, the population is forecasted to increase by approximately nearly 4,300 people between 2016 and 2031 but only 2,600 people between 2031 and 2046.

Figure 8



Source: City of Greater Sudbury

A closer look at the population projections reveals that the population is projected to continue to age. The city expects that all age groups under the age of 65 will decrease between 2016 and 2046 by approximately 3,150 people. The most significant decrease is expected for those between the age of 50 and 65 over this period. On the other hand, the population over the age of 65 is projected to increase by over 10,000 people. If the projections are accurate, nearly 23% of the City will be over the age of 65 by 2041, which compares to only 17% as of the 2016 census.

Weak population growth will have significant implications on future housing demand (Table 8). Modest growth to 2046 will result in a corresponding modest demand for new housing construction. However, demand for new housing is driven by household characteristics as well as population growth, as discussed below:



- Household sizes are shrinking across the Province of Ontario due to the aging population as well as other demographic changes such as families having fewer children and overall declining birth rates.
- Due to the above, the City has forecasted that the average household size in Greater Sudbury will decrease from an average of 2.32 persons per household (PPH) as of 2016 to 2.22 PPH by 2041<sup>1</sup>.
- The total number of new households needed to 2046 is forecasted to be 6,040, averaging approximately 200 new homes each year over the forecast period. Similar to the population projections, the number of new homes forecasted each year declines looking forward, from an average of 382 new homes per year between 2016 and 2021 to a low of only 70 new homes per year between 2041 and 2046. The vast majority of new home construction is forecasted within the City of Sudbury.
- Modest demand for new housing will have implications on private sector investment and could also impact the City's ability to sell scattered social housing, should that option be pursued. However near term market demand remains relatively strong, especially in the resale market, which will be assessed in more detail in the following section of this report.

Table 8

Forecast Total Occupied Households Growth, 2016 - 2046 City of Greater Sudbury by Former Local Municipality							
	2016-21	2021-26	2026-31	2031-36	2036-41	2041-46	2016-46
Sudbury	1,010	720	550	470	260	180	3,190
Capreol	10	10	10	10	0	10	50
Nickel Centre	190	140	100	90	50	30	600
Onaping Falls	20	20	10	10	0	10	70
Rayside Balfour	100	60	60	40	20	20	300
Walden	170	120	90	80	50	30	540
Valley East	300	210	160	140	70	50	930
Rural	110	90	60	50	30	20	360
<b>City of Greater Sudbury</b>	<b>1,910</b>	<b>1,370</b>	<b>1,040</b>	<b>890</b>	<b>480</b>	<b>350</b>	<b>6,040</b>
<b>Average Annual # of New Homes</b>	<b>382</b>	<b>274</b>	<b>208</b>	<b>178</b>	<b>96</b>	<b>70</b>	<b>201</b>

Source: City of Greater Sudbury

### 3.5 Other Demand Characteristics and Findings

The City of Greater Sudbury Housing and Homelessness Plan was completed in 2013, which assessed housing and homelessness issues. Some of the housing and social trends identified in the Plan are still relevant, while other trends are no longer observed and will be assessed in more detail throughout this report and the larger Revitalization Study. The below outlines some of the most pertinent aspects of the Housing and Homelessness Plan as well as other studies completed in recent years:

<sup>1</sup> City of Greater Sudbury Development Charges Background Study. Hemson Consulting Limited. April 2014.

- There is a need to improve and maintain the existing affordable housing stock. The GSHC noted in their most recent application for Investment in Affordable Housing (IAH) funding that some social housing buildings are reaching the end of their useful life and will require major capital repairs or redevelopment.
  - The CGS Housing and Homelessness Background Study identified that the aging of existing social housing stock is a great concern. The Background Study noted “many units are not energy efficient and require growing maintenance, repair and replacement expenditures. Scattered units, in particular, are challenging to manage and maintain in a cost efficient manner due to energy consumption and maintenance requirements of these units. There is a strong need to regenerate (renew and replace) some of the older housing stock.”
- The Housing and Homelessness Plan also found that the location of some social housing buildings was not desirable for many stakeholders and found that safety and security was a concern in some buildings.
- The Housing and Homelessness Study identified a need to improve the accessibility of both new and existing housing. The aging population will place additional pressure on this need.
  - The results of this updated analysis indicates that this trend remains a significant consideration. A significantly aging population will require a broad range of housing that includes greater accessibility, housing with lower maintenance requirements, and housing with support services. It is also likely that there will be a greater need for affordable housing as a greater proportion of seniors with a fixed income will require access to affordable and accessible living accommodation.
  - For seniors that will remain in market housing, a variety of options are available. These populations can modify their current residence to facilitate aging in place, move to an accessible apartment unit, purchase another single-floor home such as a bungalow, or move to supportive housing.
  - Other seniors may require affordable/subsidized housing, however many of the units within the affordable housing portfolio are not likely to meet their needs (e.g. low-density homes, walk-up apartments, other apartment sites with accessibility challenges). Any affordable development should be constructed with accessibility in mind. The exiting affordable housing supply may also have to be modified/renovated to improve accessibility and accommodate an increasingly older population.
- A strategic plan developed by the North East Local Health Integration Network (NELHIN) Expert Panel on housing and health with support from Northern ON Service Delivers Association, Housing Services Corporation, SHS Consulting, and Canadian Mental Health Association (CMHA) Manitoulin-Sudbury identified a gap in the availability, consistency, and coordination of support services for the many vulnerable tenants living social housing.
- Specifically, the NELHIN strategic plan noted that greater support services are needed for vulnerable social housing tenants such as those with mental health issues, seniors, aboriginal /

first nation / metis populations, LGBT populations, and for northern rural/remote communities. The report estimated that there are approximately 3,800 vulnerable tenants in the Sudbury market that would benefit from additional support services.

- The Housing and Homelessness Plan also found that housing providers were finding it difficult to cope with the growing number of tenants with special needs due to a lack of training and resources.
- The NELHIN strategic plan identified that seniors can feel unsafe in mixed-age buildings, which can contribute to physical and mental health issues. This trend could also discourage seniors from seeking affordable housing if senior dedicated buildings are not available.
- The GSHC's recent IAH application to build new affordable housing has attempted to address many of these issues, including:
  - The proposed building included design elements with age-friendly features as well as five 100% barrier free units.
  - The proposed building was geared towards seniors and included only one-bedroom suites, which addresses the wait list. The GSHC has also noted a decline in demand for RGI family units over the past few years.
  - The building layout was designed to include generous ground floor amenity space that could be suitable for administration and delivery of a coordinated service delivery system for vulnerable social housing tenants living in the area. Partnerships would be explored to better meet the needs of social housing tenants living in the building and surrounding area.

### 3.6 Key Findings

The City's population has increased modestly between 2006 and 2016 and the population is aging. Population forecasts completed by the City indicate that these trends are expected to continue looking forward to 2046. The City's population is projected to increase by only 6,860 people between 2016 and 2046, representing a total growth rate of 4.1%. The forecasted trajectory of growth expects that the population will increase modestly to 2031 and then begin to slow. The projections estimate that all age groups under the age of 65 will decrease while the population over the age of 65 will increase by nearly 34%. These trends would result in 23% of the City being over the age of 65 by 2041, which compares to only 17% as of the 2016 census.

Weak population growth will have a corresponding impact on demand for new housing, which is projected to be modest looking forward. Approximately 260 new homes might be needed each year between 2016 and 2036, and only 80 new homes each year between 2036 and 2046 to accommodate growth as well as shifting demographics and smaller household sizes.

Demand for affordable housing has remained relatively stable in the City since 2011, as indicated by the number of applicants on the wait list for RGI and LEM/affordable market housing as well

as the number of households reported to be in core housing need. Analysis of this data indicates the following:

- **Strong Demand for RGI Housing:** Of the 1,342 households on the wait list, 1,041 are in need of RGI housing. It often takes over three years for a non-priority applicant to be housed.
- **There is a Need for affordable market Housing:** There are nearly 9,700 rental households in the City that are spending more than 30% of their gross household income on shelter costs. Through a separate analysis of the 2011 census, CMHC determined that the actual number of rental households in core housing need was only 4,915. Despite this, there are only 301 households actively pursuing LEM housing as noted by the affordable housing wait list.

The analysis in this chapter indicates that the greatest demand for social housing in the City is RGI given the size of the wait list. While seniors currently account for 44% of the 1,041 households in need of RGI housing, which will increase looking forward as the population continues to age, non-senior households currently make up the largest proportion of those in need of RGI (56% of all applicants). Demand for both senior and non-senior RGI housing is heavily weighted towards one-bedroom units and should therefore be the primary unit type contemplated in any (re)development scenario or other revitalization strategy.

After non-senior and senior RGI housing, LEM/affordable market housing is the third most in demand affordable housing type in Sudbury. However, given the high number of rental households in core housing need, there is likely more demand for this housing than the 301 households currently on the wait list, even though these households are not actively pursuing affordable housing. Seniors make up 58% of the wait list for LEM/affordable market housing and 17% of the number of rental households in core housing need, which are both expected to increase looking forward as the City's population continues to age. Unlike demand for RGI housing however, LEM/affordable market demand is more evenly distributed between one and three-bedroom units overall, rather than an overwhelming demand for one-bedroom units. Demand for LEM/affordable market housing from senior populations show a nearly even split of applicants looking for one and two-bedroom units.

## 4.0 City of Greater Sudbury Housing Market Overview

The City of Greater Sudbury is an amalgamation of seven former lower-tiered communities and a few unincorporated townships. The communities include Walden, Onaping Falls, Rayside-Balfour, Valley East, Capreol, Nickel Centre, and the former City of Sudbury. This section starts with an overview of the housing market activity in the City of Greater Sudbury, in terms of key trends on housing types, pricing, sales, and distribution. It is then followed by an overview of the local rental market, discussing the key indicators including rental universe, vacancy rates, and rents. For this macro-level analysis, we have relied on data from CMHC's Housing Starts and Completions Survey, Market Absorption Survey, and Rental Market Survey.

### 4.1 New Housing Starts

Housing market activity generally follows local population and economic trends, as well as broader factors such as mortgage rates. For the reasons listed below, the market fundamentals in the City of Greater Sudbury are generally considered weak to moderate:

- The population base grew marginally by 0.8% between the 2011 and 2016 census years, compared to an overall population increase of 4.6% in Ontario.
- The employment base declined by 1.2% in December 2017 compared to December 2016.
  - The local economy is closely tied to the global market demand for primary products such as nickel and copper. The City experienced difficult economic conditions in 2015-16 due to weak resource prices, which led to job loss and a high unemployment rate. Commodity prices improved in 2017, however economic growth will likely be minimal in the near term as producers respond cautiously.
  - While this economic condition is similar to most northeastern Ontario communities, many of which have experienced population decline, the economic outlook for the City of Greater Sudbury is more positive. Besides primary products, the City also has sizable education, health services, government services, and retail-wholesale trade sectors. Modest job growth brought by these sectors offered cushions to stabilize the local economy as industry employment retracted.

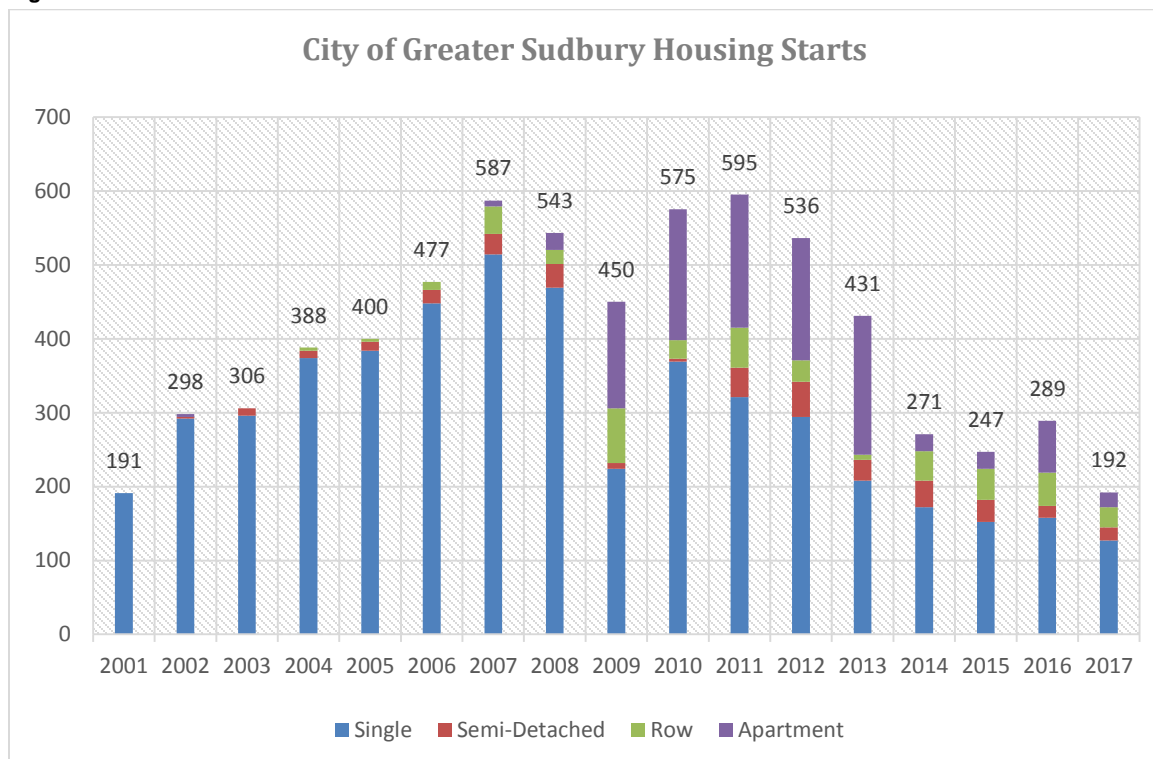
**Figure 9** summarizes trends of housing starts in the City of Greater Sudbury between 2001 and 2017. The following are key observations:

- During this period annual housing starts averaged about 400 units, with peak years found between 2007 and 2011. Starting in 2012, annual housing starts declined, and in the past four years, annual starts averaged about 250 units per year. This is consistent with the forecasted number of housing starts expected annually to 2036.
- Since 2009, the City of Greater Sudbury has seen a larger share of apartments and townhome starts. Apartment starts in Greater Sudbury experienced a boom between 2009 and 2013, with

an average of 170 units per year. It subsequently dropped to 34 units per year on average since 2014.

- About 90% of the apartment starts in the City are rental in tenure: since 2001, CMHC reported a total of 924 purpose-built rental apartment starts in the City of Greater Sudbury. Anecdotally, most of the new rental supply are geared towards downsizers. By comparison, only 82 condominium apartment starts are reported since 2001.
- The above is not surprising, as condominium apartments are typically introduced as an affordable housing option. Given the lower price of low-density homes, including townhomes, the market fundamentals of condominium apartments is considered weak.
- Townhome starts have been modest but relatively consistent from 2007 onwards, averaging 35 units per year. The majority (65%) of the townhome starts in the City are rental in tenure. About 20% of the townhome starts are condominium, the remaining are freehold townhomes.
- Starts of new detached and semi-detached homes have been shrinking over the past decade. In 2017, this product type totalled 145 starts, the lowest amount observed since 2001. These homes are almost entirely freehold, with only a handful of purpose-built rental semi-detached homes.

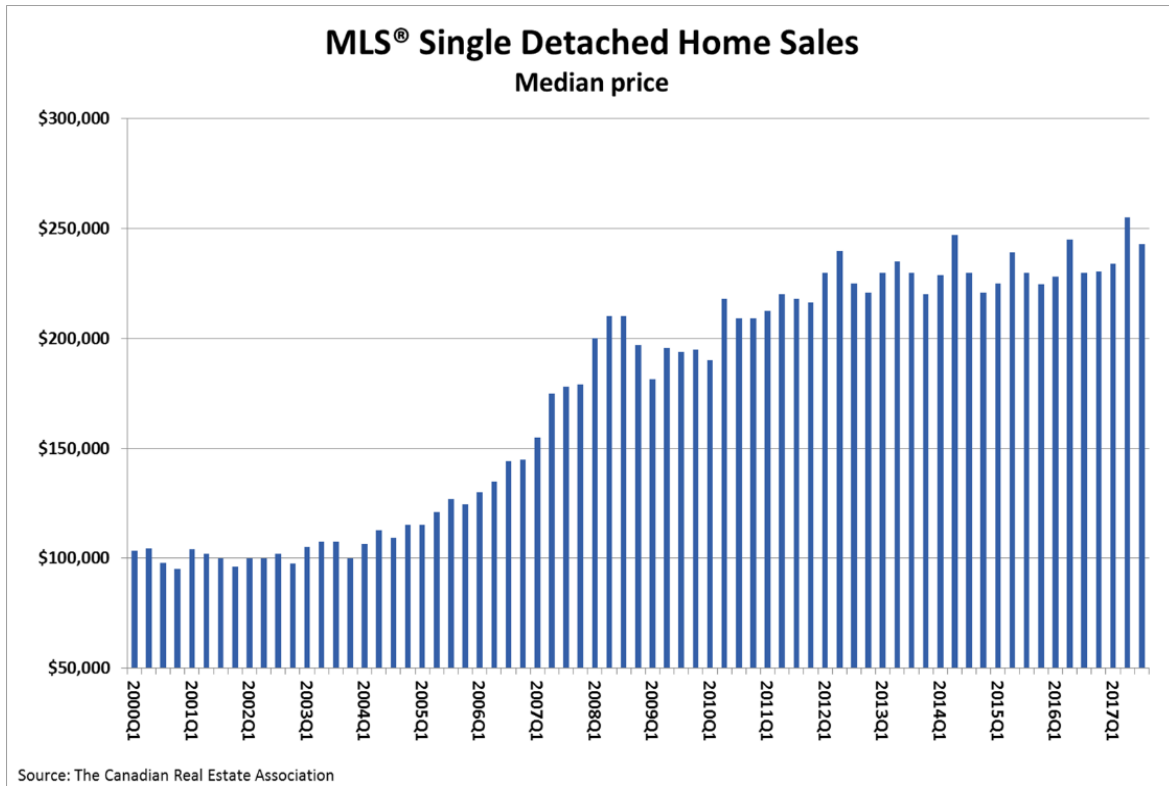
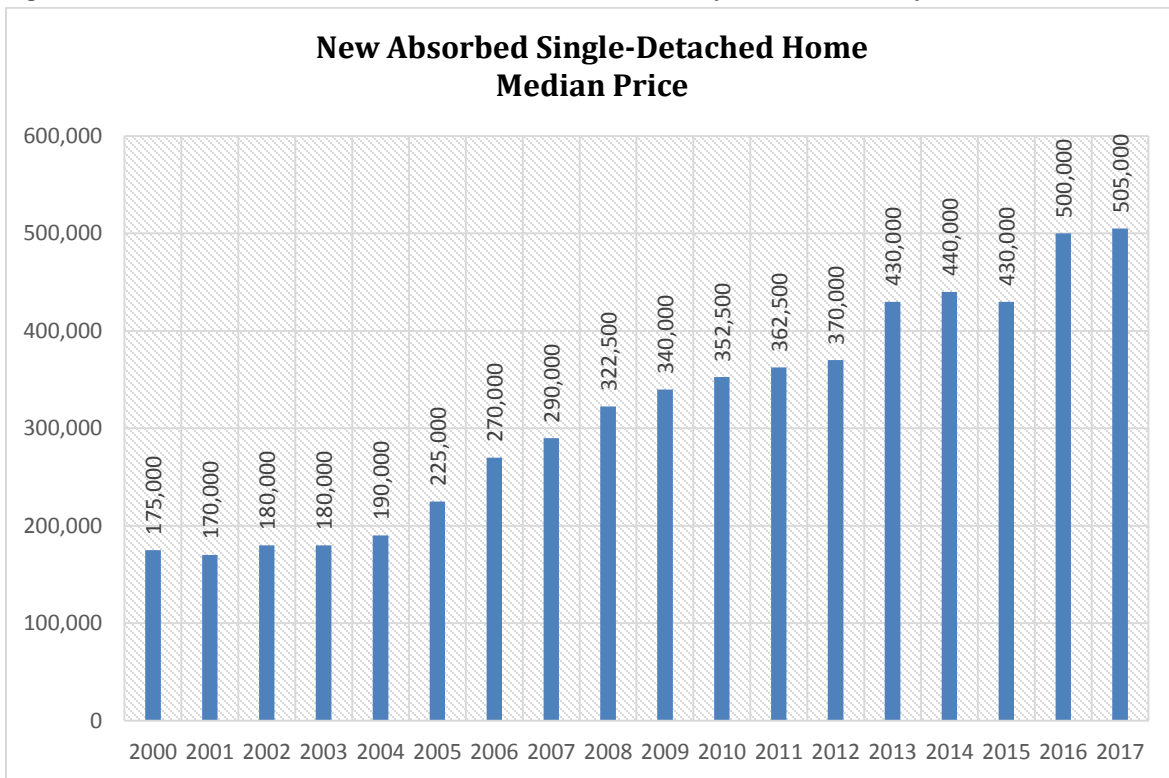
**Figure 9**



Source: CMHC

- CMHC attributes the decline in new detached and semi-detached home starts to the weak market fundamentals and competition from a balanced, well supplied resale market:

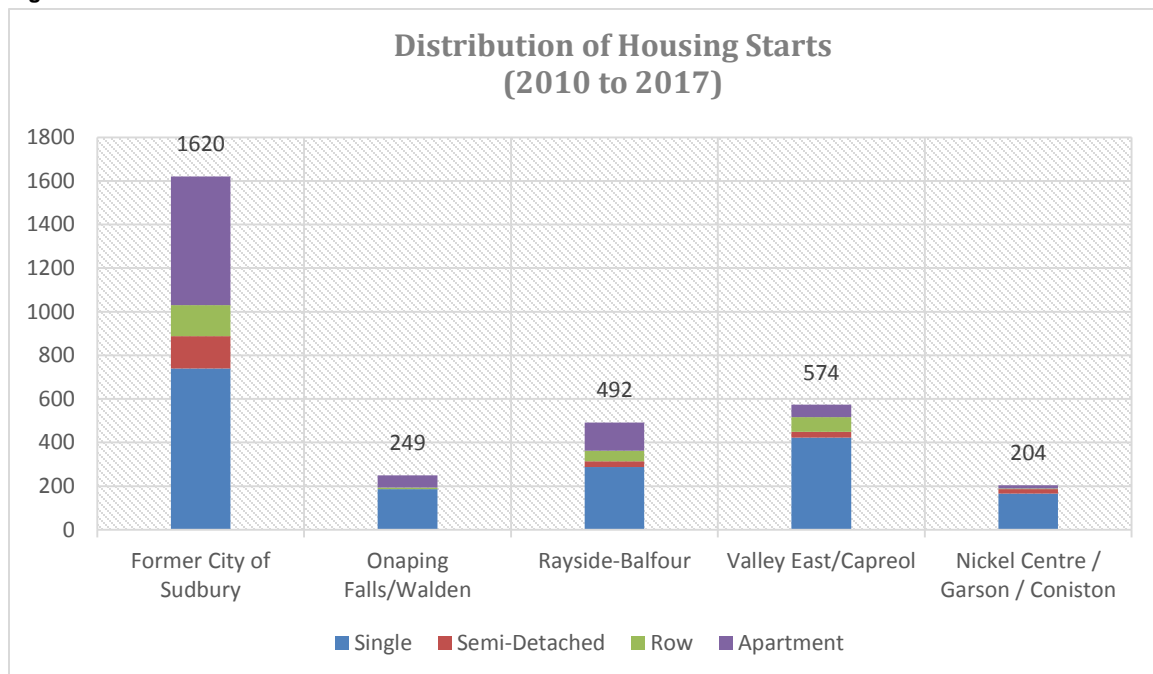
- The relatively weak local economic condition has limited local buyer's ability and confidence in investing in real estate, and modest population increase places modest pressure to create new housing.
  - Homes resold in the City are generally much more affordable than new homes. **Figure 10** and **11** shows a widening pricing gap between new and resale homes. In 2017, the median price for new detached homes was \$505,000, while the median price for a detached resale home was only \$250,000.
  - **Figure 10** also demonstrates relatively flat pricing in the resale market since 2011. The balanced resale market, with an average pricing appreciation in line with inflation, stems from modest housing demand.
  - At significantly more affordable price points, the resale market has a much larger pool of buyer than the new home market. In 2017, 2,464 homes were resold in the City of Greater Sudbury, whereas only 196 new homes were absorbed in the same year. CMHC noted that home suppliers and purchasers in Sudbury are more focused on the renovation of existing homes instead of building new.
  - Moving forward, new home starts in the City is projected to remain at current levels, with multi-residential projects maintaining or slightly increasing its share as a result of aging population. Lower density homes such as bungalows or other ground-oriented condominium homes can also respond to the demands of an aging population. The resale market is expected to remain balanced, with price increases at inflation level.
- Looking at the distribution of housing starts within the City: about half of the new housing starts are located within the former City of Sudbury between 2010 and 2017 (**Figure 12**). While the majority of the starts were detached homes (46%), there were 590 apartment starts, which account for 36% of all starts in former Sudbury.
- CMHC further subdivided the former City into six neighbourhoods (see **Figure 14**): Donovan / Flour Mill, Downtown, West End/Copper Cliff, South End, New Sudbury, and Minnow Lake.
  - Of note, about half of the new starts in the former City are found in the South End; Minnow Lake area accounts for about 25% of the total starts.
  - New Sudbury, West End/Copper Cliff, and Donovan/Flour Mill also have a sizable new housing supply, each accounting for about 10% of the total starts. While New Sudbury and Donovan/Flour Mill has a balanced new supply between low and high density starts, West End/Copper Cliff's new housing is mostly apartments.
  - New housing starts in the Downtown was minimal between 2010 and 2017.

**Figure 10 – Median Price of Detached Homes Resold in the City of Greater Sudbury****Figure 11 – Median Price of New Detached Homes Absorbed in the City of Greater Sudbury**

Source: CMHC



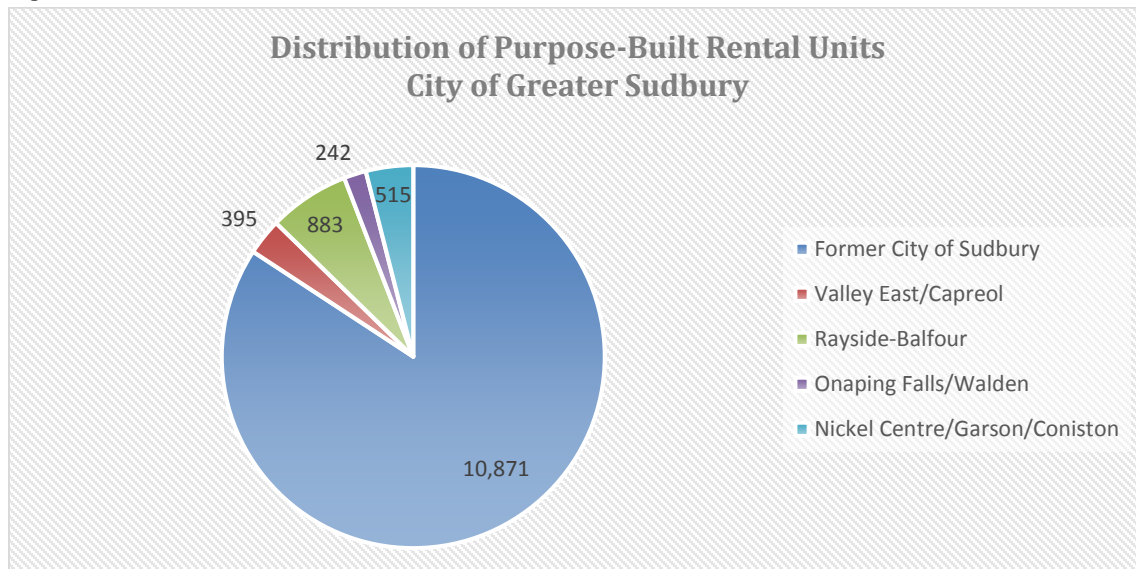
- Outside of Sudbury, Rayside-Balfour and Valley East / Capreol areas also experienced a sizable volume of new housing starts between 2010 and 2017, although most of the new starts occurred in 2010 and 2011. In recent years, development activity in all communities have declined to an average of 30 starts per year.
  - Valley East/Capreol has the largest number of new starts outside of the former City. Vast majority of these new starts are low density homes, however there has been smaller scale (<15 units) rental apartment starts every year since 2014.
  - The majority of new home starts in Rayside-Balfour are low density homes as well. In 2010 and 2011, over 100 rental apartment starts were found in this community however new supply since then has been minimal.
  - New home starts in Onaping Falls / Walden area have been mostly low density, with only 55 rental apartment starts since 2010.
  - Nickel Centre / Garson / Coniston has the least number of new supply, and virtually all of the new supply has been low density homes.

**Figure 12**

## 4.2 Rental Market Overview

- As of 2017, there were 12,906 purpose-built rental units, of which the majority (11,638 units) are apartment units and the remaining 1,268 units are rental townhomes.
- Over 80% of the purpose-built rental stock is located in the former City of Sudbury (**Figure 13**). Within the former City, about 28% of the units are in the South End; Donovan/Flour Mill and New Sudbury each has about 20% of the former City's stock; West End/Copper Cliff each has about 10%, and Minnow Lake has about 7%.

Figure 13



- The suite mix of the existing supply is 64% multi-bedroom units (two- and three-bedroom suites). The local areas show some variations in the proportion of supply by unit type:
  - In Donovan/Flour Mill and Downtown/Bell Park small suites (bachelor and one-bedroom suites) and multi-bedroom suites are generally half-and-half split.
  - In West End/Copper Cliff, Minnow Lake, and South End, the proportion of multi-bedroom suites are larger, generally at 60% to 65%.
  - New Sudbury has the highest proportion of multi-bedroom units within the former City of Sudbury, at 72%. In Onaping Falls/Walden the proportion is around 70% as well.
  - With exception for Onaping Falls/Walden, the proportion of multi-bedroom suites within the existing private rental stock is above 80% in the remaining communities outside of the former City of Sudbury.
- Between 2010 and 2017, the purpose-built rental universe in Sudbury expanded by 861 units. Over this period vacancy rate increased from 2.9% to 4.3%, whereas a healthy vacancy rate is generally considered to be around 3%. CMHC has noted that Sudbury has had the highest rental vacancy rate of all Ontario CMAs for both 2016 and 2017. From a macro perspective, there appears to be an oversupply in the rental market at the current time.
- In stronger rental markets, a measureable increase in supply is often observed to have modest impacts on vacancy rates due to strong market fundamentals such as population growth and significant unmet demand for rental housing.
- In Greater Sudbury, it is observed that despite modest growth, the increase in supply has resulted in a measurably higher vacancy rate. While there were 349 vacant units in the City in 2010, there are now 555 vacant units (increase of 206) as of 2017. This is due to a rising vacancy rate as well as an increase in the rental universe.

- Rental rates have also increased since 2010 by an annual average of around 3.1%. Rental rates rising slightly above inflation is considered healthy in a lower growth market like Greater Sudbury, which was also observed in the resale ownership market. Of note however, rents increased by 8% between 2016 and 2017, which CMHC attributes to the new supply of higher priced rental units. The vacancy rate also fell from 5.3% to 4.5% between 2016 and 2017, which illustrates that the rental market indicators are still relatively weak but improving.
- **Table 9** further explores the supply and vacancy rates City-wide and within the specific community submarkets. When looking at the increase of 206 vacant units relative to the increase in supply by submarket, it becomes apparent that rising vacancies and oversupply conditions are not experienced uniformly. **Table 9** compares new units relative to occupied units as well as vacancies and rents in each community, which could shed more light on the oversupply issue:
  - The Donovan / Flour Mill area has the highest vacancy rate across the City, at 6.9% in 2017, down from its highest at 8.8% in 2016. Between 2010 and 2017, 103 units were added to this area whereas occupancy only increased by 13 units. Average rents as reported by CMHC increased by 3.5% annually, slightly higher than the City average of 3.1%, which could also have contributed to the high vacancy rate. Absorption concerns as well as lower average rents and a higher vacancy rate will likely limit new supply in this area.
  - South End, Minnow Lake, and Rayside-Balfour each had a large number of new units added since 2010. The increase in supply in all three communities resulted in a rising vacancy rate and a larger number of vacant units. However, the number of occupied units also increased significantly, which indicates these communities have had much better absorption of the new supply than Donovan / Flour Mill. The average rent in these communities also increased at a higher rate than City average.
  - West End/Copper Cliff and Nickel Centre experienced little increase in new supply, however the vacancy rates remain high as of 2017. Average rents in these two areas increased at about 3% per year, in line with overall city average. The higher vacancy rates, combined with limited new supply and modest rent increase indicate limited potential to accommodate new rental products in these areas.
  - Very little new supply was added in New Sudbury since 2010, despite the consistently lower vacancy rate within this community. Average rents are higher than most communities in the City, however the average rent increase has been below the City average. The lower rent increase is likely due to the lack of new supply added to the area.

Table 9

Rental Market Indicators by Submarket															
Submarket	Rental Universe			Average Rents			Vacancy Rate			Vacant Units			Occupied Units <sup>1</sup>		
	2010	2017	Change - Total Units	2010	2017	Avg. Annual Increase	2010	2017	Change	2010	2017	Change - Vacant Units	2010	2017	Change - Occupied Units
Donovan/Flour Mill	2,303	2,406	103	\$713	\$905	3.5%	3.3%	6.9%	3.6%	76	166	90	2,227	2,240	13
South End	2,770	3,003	233	\$885	\$1,155	3.9%	1.6%	4.1%	2.5%	44	123	79	2,726	2,880	154
Rayside-Balfour	695	883	188	\$759	\$979	3.7%	3.9%	4.6%	0.7%	27	41	14	668	842	174
Minnow Lake	613	804	191	\$761	\$1,028	4.4%	0.6%	4.7%	4.1%	4	38	34	609	766	157
West End/Copper Cliff	1,308	1,350	42	\$707	\$850	2.7%	2.6%	4.7%	2.1%	34	63	29	1,274	1,287	13
Nickel Centre	459	515	56	\$744	\$929	3.2%	4.0%	4.4%	0.4%	18	23	4	441	492	52
New Sudbury	2,181	2,207	26	\$847	\$1,015	2.6%	2.6%	2.9%	0.3%	57	64	7	2,124	2,143	19
Downtown	1,075	1,101	26	\$718	\$828	2.1%	-	3.0%	-	-	33	-	-	1,068	-
Valley East / Capreol	331	395	64	\$722	\$895	3.1%	3.0%	-	-	10	-	-	321	-	-
Onaping Falls	310	242	-68	\$838	\$853	0.3%	3.9%	2.1%	-1.8%	12	5	-7	298	237	-61
<b>Total (City of Greater Sudbury)</b>	<b>12,045</b>	<b>12,906</b>	<b>861</b>	<b>\$785</b>	<b>\$970</b>	<b>3.1%</b>	<b>2.9%</b>	<b>4.3%</b>	<b>1.4%</b>	<b>349</b>	<b>555</b>	<b>206</b>	<b>11,696</b>	<b>12,351</b>	<b>655</b>
1. Occupied units = rental universe - vacant units Source: CMHC															

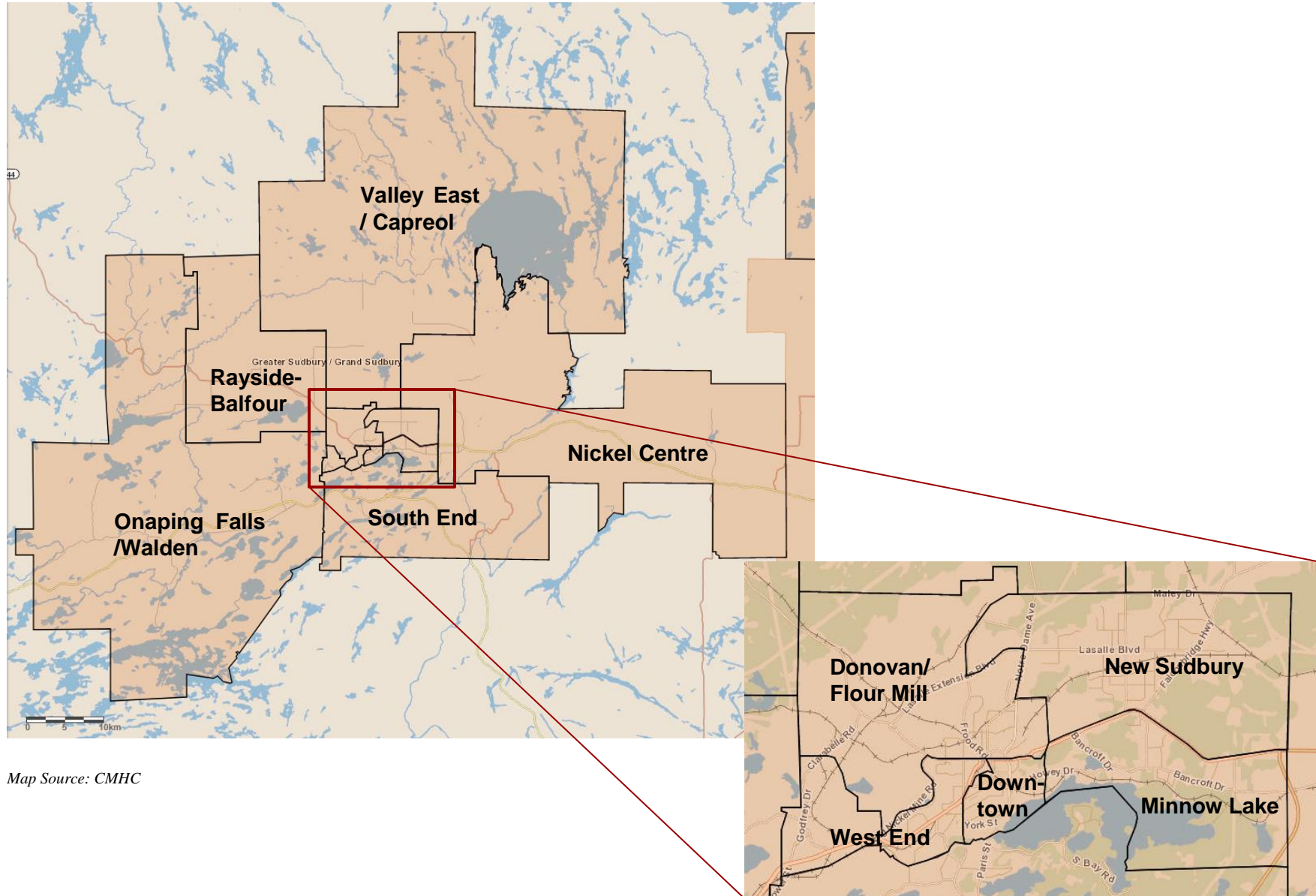
- Downtown Sudbury also had a slight increase in supply. The vacancy rate in Downtown has dropped gradually from as high as 5.2% in earlier years to 3.0% in 2017. Between 2010 and 2017, rent increase in the downtown area is around 2%, which lags behind the city average.
- The lowest vacancy rates are found in Valley East / Capreol and Onaping Falls / Walden, where there is the least amount of existing supply.
  - Since 2010, 64 units were added to the Valley East rental universe while vacancy rate dropped from 3.0% to virtually 0%, indicating potential unmet demand rental housing, however this excess demand would likely be small given the size of the community.
  - In Onaping Falls / Walden, rental universe shrunk by 68 units. Vacancy rate in the area has hovered between 3.3% and 5.1% since 2010 but was down to 2.1% in 2017.
- Anecdotally, the secondary rental market (e.g. basement apartment, structures with fewer than 3 units) is fairly sizable in the City of Greater Sudbury, and such supply is particularly abundant in Donovan/Flour Mill area. This is confirmed by 2016 Census, which reports 23,675 renter households in the City, compared to a rental universe of 11,542 units in 2016 (a difference of 12,133 households).
- Given a near-flat population growth projection, and a relatively high vacancy rate in most areas, there appears to be soft demand for additional rental units in the City of Greater Sudbury for the years to come. That being said, there could be demand for a small number of additional rental products in selected communities, such as the Downtown, New Sudbury, and Valley East/Capreol, due to consistently tight vacancy rates observed in these communities.

### 4.3 Key findings

- Housing market fundamentals, including population and employment growth, in the City of Greater Sudbury is considered weak, which limits demand for new housing.
- New home sales have a very small share in the local housing market, as the resale market has a much larger buyer pool due to significant advantage on affordability.
- Annual housing starts are declining since 2011 and averaged about 250 units per year in the past four years. This trend is expected to continue due to the weak market fundamentals and forecasts described in this report.
- Multi-residential is gaining an increasing share in the new home starts. Most of these are rental in tenure, likely indicating a market response to an aging population.
- On the rental side, there has been a fairly sizable increase in purpose-built rental stock since 2010. This has pushed the overall vacancy rate in the City to 4.5%, which is the highest of any Ontario CMA.

- Resale home pricing and rental rates have increased slightly above inflation since 2010, which is resulting in relatively stable affordability levels in the City for most residents. The higher rental vacancy rate is also supplying a relatively large supply of vacant units.
- New rental supply and their market response varied in local communities across the City:
  - An oversupply of rental housing is most prominent in Donovan/Flour Mill.
  - South End, Minnow Lake, and Rayside-Balfour have absorbed a large number of new supply, however vacancy rates have also been pushed up and have increased measurably since 2010.
  - West End/Copper Cliff and Nickel Centre demonstrated little potential to accommodate new rental products.
  - There are consistently lower vacancy rates in New Sudbury, Downtown, Valley East/Capreol, indicating potential market opportunity to accommodate additional rental products. However this market is estimated to be relatively thin and could be sensitive to larger economic conditions. Had new supply been added to these communities since 2010, it is likely that the vacancy rate and number of unoccupied units would have increased.
  - Onaping Falls /Walden has the smallest rental stock while vacancy rates have been high until 2017. Additional monitoring of the market is required to determine market for new rental.

Figure 14 – City of Greater Sudbury Submarkets



Map Source: CMHC



## 5.0 Community Housing Supply Profile

The following section offers more detailed analysis of each submarket defined by CMHC (**Figure 14**), discussing local trends and key indicators for both ownership and rental market, which includes product offering, buyer/tenant types, and general pricing/rent levels. Market ownership and rental data presented in this chapter has been collected through primary research conducted in February 2018, complemented by CMHC housing data.

NBLC has completed a survey of rental buildings in each community to understand the price of available units in the area, whereas the average market rent reported by CMHC includes all tenants living in an area that will also capture long-term tenants that are paying comparatively low rents. Our survey also highlights the quality of units available, the true availability of units in each area, and insight into any correlation between vacancy and price/quality.

An analysis of the local social housing supply is also included for each submarket.

### 5.1 Downtown / Bell Park

Downtown Sudbury is the City's oldest neighbourhood. It has a concentration of long-standing office, retail, and entertainment activities. In recent years the area has faced strong competition for new commercial and residential development from communities outside the city core such as South End, New Sudbury, and Minnow Lake. Nevertheless, public and private investments have been directed to rejuvenating the Downtown area. Signature projects include the YMCA Centre for Life, Market Square, Laurentian Architecture School, the redevelopment of the Rainbow Centre, and the upcoming Place des Arts, Library Art Gallery, and the Greater Sudbury Convention and Performance Centre. All of these large projects are expected to have a positive impact on the market. The City also offers financial incentives in the Downtown to reduce the costs of (re)development in this area of the City, which has not seen much new investment over the past several decades.

Bell Park is one of the oldest neighbourhoods that lies immediately to the south of the Downtown. The neighbourhood hosts a number of well-known historic homes and it is the home of Bell Park which features the Bell Park Boardwalk, an Amphitheatre, and several beaches.

#### 5.1.1 Ownership Housing

The Downtown area has seen little new residential development in recent years. The only current project is the Brewer Lofts located at the western edge of the Downtown:

- This project seeks to convert the century-old Northern Breweries Building to 50 lofts and ground floor commercial space.
- Units proposed ranged from 600 to 2,500 square feet, and prices start from \$185,000 and range up to \$450,000.



- The property was acquired in June 2014 and a sales office was set up in Spring 2015. As of December 2017, only 25% of the units were sold.
- Due to slow sales, the project faces uncertainty in securing construction financing.

In Bell Park area at 700 Paris Street, which is the former St. Joseph Health Centre, Panoramic Properties planned to build 215 luxury rental apartments and/or condominiums. However this project has been placed on hold by the developer.

In 2017, homes resold in the Downtown / Bell Park area range roughly from just under \$100,000 to nearly \$600,000, averaging about \$297,000 overall. Most of these homes are located in the Bell Park area and are fairly well maintained. Generally speaking, homes with prices at the upper end of the range are found near Ramsey Lake, whereas more affordable homes are concentrated in the west side of the neighbourhood.

#### *5.1.2 Rental Housing*

CMHC reported a purpose-built rental universe of about 1,100 units, which is almost entirely comprised of apartments (with only a handful of rental townhomes). Renters in this area include a wide mix of seniors (including “snowbirds”), students, and young adults as per a survey completed by NBLC.

Purpose-built rental apartments in Downtown / Bell Park area are mostly constructed before 1980. These older units generally have basic interior features and finishes including carpet or parquet flooring, fridge and stove, and laundry is usually a shared amenity in the building. Our survey indicated a relatively tight vacancy in this area. Overall, rents averaged around \$1.60 to \$1.65 per square foot per month, with detailed rents by unit type listed as follows:

- Bachelors are typically around \$650 per month while unit sizes range from 250 to 400 square feet (\$1.60~\$2.60 per square foot, ‘psf’);
- One-bedroom units are typically \$775 (420 square feet, \$1.84 psf) to \$925 (600 square feet, \$1.54 psf).
- Two-bedrooms are generally between \$985 (800 square feet, \$1.23 psf) to \$1,130 (850 square feet, \$1.33 psf).

There is one new purpose-built rental apartment project, named Hyland Suites located in the Bell Park area. Completed in 2016 by Panoramic Properties, the project features high end finishes including stainless steel kitchen appliances, solid stone countertops, laminate flooring, and ensuite laundry. At the time of this survey, Hyland Suites still has a large number of vacancies, and some of the units are also rented as furnished suites or short term rentals (e.g. AirBnb). This indicates relatively weak demand for the newer and more expensive rental product, especially when compared to the lower number of vacancies found in the older rental stock.

Rents for units in Hyland Suites, based on information available, averaged about \$2.10 per square foot per month, significantly higher than the average rents at the older projects (\$1.60 to \$1.65 psf). Rents by unit type is as follows:

- Bachelors are all leased up, historical records indicated an average rent of \$1,350 per month, or \$1.94 psf (695 square feet);
- There are 2 one-bedrooms leasing at an average of \$1,960 per month on average, or \$2.33 psf (840 square feet);
- There are 10 two-bedrooms leasing at an average of \$2,250 per month on average, or \$2.01 psf (1,120 square feet);
- Three-bedrooms are all leased up, historical records indicated an average rent of \$2,450 per month.



*Typical Kitchen at Hyland Suites. Source: Marketing Materials*

Secondary rentals in Downtown/Bell Park area range from basement rentals, apartments within multiplex, apartments above retail, and condominium apartments. With exception for condominium apartments, rents of secondary rentals are generally in line with older purpose-built rentals in the area, with lower entry level rents (e.g. one-bedrooms start from \$550 per month). Condominium apartment rentals are generally rare due to limited supply. At the time of study, three two-bedroom condominium apartment units in Downtown are renting, with rents ranging between \$1,250 (\$1.14 psf, 1,092 sf) to \$1,600 (\$1.47 psf, 1,088 sf) per month.

### *5.1.3 Social Housing Inventory*

The Downtown/Bell Park area has 8 social housing projects in the City of Greater Sudbury's housing portfolio, totalling 281 units, which includes 106 RGI units. Additionally, there are also 220 RGI rent supplement units in the Downtown area accommodated within non-profit housing or privately owned purpose-built rental projects. This brings the total RGI unit supply in the Downtown/Bell Park area to 326 units.

**Table 10** summarizes City of Greater Sudbury's social housing portfolio in Downtown/Bell Park area by building type, with discussion of key observations to follow.

Table 10

Downtown Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	0	0	1	1	0	0	1	1
Provincial Reformed	120	0	0	120	105	0	0	105
Federal Projects	155	0	5	160	0	0	0	0
Rent Supplement	-	-	-	-	220	0	0	220
<b>Total</b>	<b>275</b>	<b>0</b>	<b>6</b>	<b>281</b>	<b>325</b>	<b>0</b>	<b>1</b>	<b>326</b>
<i>1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex</i> <i>Source: City of Greater Sudbury</i>								

- Apartments are the predominant housing type in the Downtown/Bell Park area. Of the 281 units, 275 are apartment units and the remaining six are scattered detached/duplex units.
- Social housing in the Downtown is mostly offered by non-profit and co-operative housing providers. The GSHC has only one unit (a detached home), which is located in the Bell Park area.
- There are two provincial reformed projects in the Downtown/Bell Park area, both of which are apartment projects. The two projects have 120 units in total, of which 105 are RGI units.
  - Centreville 1 & Non-Profit Housing consists entirely of one-bedroom units and has no target tenant. The project has 56 units (53 RGI) and a growing wait list that had 418 households in 2017.
  - The All Nations is a 64-unit building with half of the units targeting seniors and the other half targeting families.
    - The 32 senior apartments are all one-bedroom, including 26 RGI units. There is a growing wait list for these units and in 2017 there are 105 households waiting.
    - The 32 family apartments are all two-bedrooms (26 RGI units). The wait list for this project has shrunk over the past decade and in 2017 had only 9 households waiting.
- The federal housing stock in the Downtown/Bell Park area consists of one high-rise apartment project and five scattered units. The only apartment building is a 10-storey, 155 unit 50+ building where units are predominately one-bedroom. This project has a wait list of 130 households in 2017.
- Rent supplement units in the Downtown/Bell Park area are almost entirely one-bedroom suites as well.
  - There are 42 rent supplement units at St. Andrew's Place, a senior oriented non-profit housing project that is outside the City's housing portfolio. The wait list for this project is over 100 households.

- Two private rental projects with rent supplement units received overwhelming interest with over 300 households on their wait list. Common to both projects is that they are located on the fringe of Downtown but are within a short walk to retail, service, or health care providers. These units may be preferred as they are mixed-income buildings.

#### 5.1.4 *Summary of Key Findings*

- The Downtown/Bell Park area has not seen much housing growth in recent years. New commercial and low density residential developments in the City have been focused towards some of the more desirable suburban locations. The high density condominium market in Sudbury is still in its infancy with shallow market depth.
- Low density homes in the area are mostly in the Bell Park area. Homes are generally well maintained and resale values are higher than the City average.
- The local rental marketplace appears relatively strong for the older supply, however demand for new and more expensive rental accommodation appears weaker.
  - Rental Vacancy rate is generally low, especially in older stock, and it has been decreasing since 2010.
  - A diverse tenant base is found in this marketplace including students, seniors, and young adults. Most of these tenants value proximity to public services, health care services, post-secondary institutions, retail/services, and office commercial.
  - New purpose-built rental developments are seen in this area and have achieved much higher rents (\$2.10 psf) than the older stock (\$1.60-\$1.65 psf). However, this development has higher vacancies than the older stock, which indicates limited demand for premium rental product.
- The existing social housing stock is largely supplied by the non-profit housing sector. Generally speaking, projects in the area that target seniors and adult singles (i.e. one-bedrooms) have a larger wait list. This trend is seen in both RGI and low end market rental providers, indicating demand for both groups in the Downtown at various levels of affordability.
- By comparison, wait list for projects targeting families have been shrinking despite the scarcity of these units in the area. This could indicate that either the Downtown location or the apartment unit type, or both, are preferred by seniors/adults but not by families.

## 5.2 **Donovan / Flour Mill**

The Donovan / Flour Mill area, located immediately to the north of Downtown, has some of the City's oldest neighbourhoods that were originally populated by working-class, mostly immigrant families. Homes in the area are generally older with evidence of lower maintenance/renovation. A long-standing stigma of poverty and high crime rates still hover over the community, which suppresses home values and rental rates.

### 5.2.1 *Ownership Housing*

There are little new ownership housing completions in the Donovan/Flour Mill area. Existing homes in the area are mostly small detached homes, which are some of the most affordable within the City of Greater Sudbury. In 2017, a sample of homes resold in the area ranged in price from \$50,000 to \$410,000, averaging about \$194,000 on average.

### 5.2.2 *Rental Housing*

Donovan/Flour Mill has about 2,400 purpose-built rental units, which account for nearly 20% of the City's entire stock. Over 70% of the rental stock is contained within small buildings of less than 20 units, and over half of the rental stock in the neighbourhood was built before 1960. Rents are generally more affordable in Donovan/Flour Mill, which attracted seniors, (lone parent) families, young adults, students attending College Boreal or Laurentian School of Architecture, and people receiving Ontario Works or Ontario Disability Support Program assistance.

The majority of the units in Donovan/Flour Mill offers basic suite features and finishes such as carpet/parquet flooring, fridge and stoves, and shared laundry facilities. Unlike larger buildings that are professionally managed, smaller buildings typically rely on individual superintendents on building management. In many cases, sizing information is not available. Based on a small sample where size estimates are given, units in Donovan/Flour Mill with basic suite finishes averaged about \$1.00 to \$1.25 psf per month. Rents by unit type are:

- One-bedrooms available at the time of this study ranged from \$550 to \$1,100 per month, averaging about \$800.
- Two-bedrooms are between \$820 and \$1,250 per month, averaging \$986 per month.
- Three-bedrooms are between \$1,050 and \$1,745 per month, averaging \$1,245 per month.

Tiffany Place Apartments, managed by Panoramic Properties Inc. is an older purpose-built rental apartment project in Donovan/Flour Mill area that upgraded some of its units to include new flooring, dishwasher, microwave, and ensuite laundry. These projects typically commanded a higher rent at about \$1.75 psf per month:

- One-bedrooms are around \$1,100 per month, or \$1.68 psf at an estimated size of 650 square feet;
- Two-bedrooms are around \$1,350 per month, or \$1.79 psf at an estimated size of 750 square feet.

The Donovan / Flour Mill area also saw two newer purpose-built rental projects, 110 College Street near Laurentian University School of Architecture, and 885 Cambrian Heights located near College Boreal, both introduced by Devla Properties. Both projects are very small, with 9 and 18 units respectively. These new rental units all feature laminate flooring, in-floor heating, and five appliances (fridge, stove, microwave, and ensuite washer and dryer). All of the units offered at

these two projects are two-bedroom suites, rented at \$1,250 to \$1,350 per month. Vacancies for these projects are low.



Typical Kitchen at 110 College Street. Source: Marketing Materials

### 5.2.3 Social Housing Inventory

The Donovan/Flour Mill area has the largest social housing inventory across all submarkets in the City, totalling 1,127 units, of which 1,003 units are RGI. Additionally, there are 128 RGI units offered in the form of rent supplement, bringing the total RGI supply to 1,131 units.

**Table 11** summarizes City of Greater Sudbury's housing portfolio in Donovan/Flour Mill area by building type, with key observations to follow:

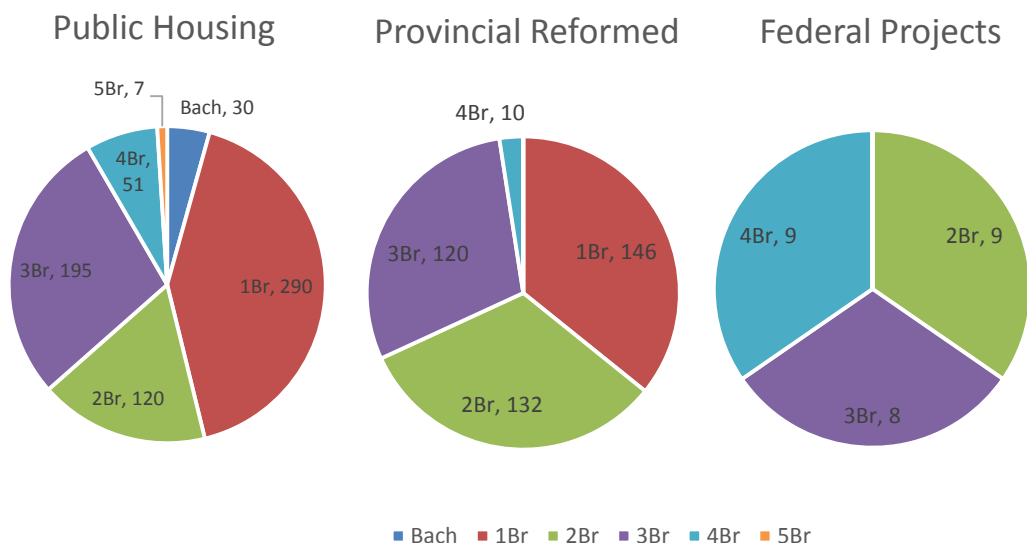
**Table 11**

Donovan/Flour Mill Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	437	193	63	693	437	193	63	693
Provincial Reformed	190	218	0	408	310		0	310
Federal Projects	0	14	12	26	0	0	0	0
Rent Supplement	-	-	-	-	128	0	0	115
<b>Total</b>	<b>627</b>	<b>425</b>	<b>75</b>	<b>1,127</b>	<b>1,068</b>		<b>63</b>	<b>1,131</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

- Over half of the social housing stock in the Donovan/Flour Mill area are owned by GSHC. Most of GSHC public housing units (~63%) are apartments. Townhomes account for about 28% of local GSHC stock, and scattered single, semi-detached, and duplex units totalled about 9%.
  - The public housing portfolio has a large proportion of small suites (one-bedroom and bachelor units). All of these small suites are from three adult buildings. Of note, all of these three adult projects have over 300 households on their wait lists.
  - By comparison, the apartment buildings on Louis Street and Cabot Street are two-bedrooms and larger. Wait lists for these units have shrunk in recent years.

- Similarly, townhome and scattered units in the area also have shrinking wait lists. As of 2017, each project has 12 households or less waiting.
- Provincial reformed projects totalled 408 units, of which 310 are RGI.
  - The provincial reformed projects in the Donovan/Flour Mill area have a relatively even split among one, two, and three+ bedroom suites.
  - Over half of the provincial reformed units are townhomes and the remaining are apartment units. Generally speaking, the wait list for apartment units are longer than townhome units.
  - Four projects received overwhelming interests from prospective tenants, with over 300 households on their wait lists: Silo Co-operative Homes Inc., Raiffeisen Co-operative Homes, Lighthouse Non-profit Homes, and Unicorn Non-profit homes.
    - Of these four, Raiffeisen and Lighthouse offer both apartments and townhomes, and wait list for apartments at both projects are much longer than townhomes.
    - Unicorn is the only project with all townhomes but still have an overwhelmingly long wait list (463 households).
    - At both Lighthouse and Unicorn, one-bedroom units are popular as they are marketed as townhomes, indicating a preference for ground-oriented units.
- There are only 26 units from federal projects in the area, evenly split between townhomes and scattered homes. All but one of the 26 units are specifically for native aboriginal families and individuals.
- Of note, while the senior only buildings generally have long wait lists, apartment projects with no age restrictions tend to have more households on their wait lists.

**Figure 15 – Suite Mix within Existing Social Housing Projects in Donovan/Flour Mill Area**





- All of the rent supplement units in Donovan/Flour Mill area are apartment units. About 90% of these units are one-bedroom suites.
- There is one post-2000 social housing project in Donovan/Flour Mill area: Phase 2 of Raiffeisen, constructed in 2009 under the Affordable Housing Northern Complex program. This project contains 80 units, including 47 one-bedrooms and 33 two-bedroom suites. All of the 80 units are designated affordable, and 376 households are on the wait list for these units as of 2017.

#### 5.2.4 *Summary of Key Findings*

- The Donovan/Flour Mill area is one of the oldest and most affordable neighbourhood in the City. The area suffers a stigma of crime rates and poverty.
- Homes in the area are generally small and of lower quality and maintenance relative to other areas of the City. The average resale price in 2017 was \$194,000, less than the City average.
- Donovan/Flour Mill area has a large purpose-built rental stock. However the existing stock in the area is generally older and consists of small building as opposed to larger rental buildings with professional management. Vacancy rates in the area is much higher than the City average.
- Rents are generally affordable at \$1.00 to \$1.25 psf. A small number of units have been upgraded and achieved higher rents (\$1.75 psf.). Two small scale new purpose-built rental projects were built near post-secondary institutions, targeting student renters. Rents at these newer projects are in line with the upgraded units in the area and vacancies are low.
- Donovan/Flour Mill area also has the largest social housing inventory in the City, mostly in the public housing and provincial reformed portfolios. As such the area also has a large supply of RGI units.
- A common trend across social housing stock in the area is that adult buildings with a large proportion of one-bedroom units typically have very long wait lists, while the wait list for family sized units is much shorter.

### 5.3 **West End / Copper Cliff**

The West End / Copper Cliff area includes the Little Britain, Gatchell, and Copper Cliff neighbourhoods. Little Britain is one of the oldest neighbourhoods in the City and used to house working class families with diverse ethnic backgrounds. Gatchell is the City's first subdivision developed in the 1920s. The community grew after the Second World War when immigrants arrived to find mining employment. Copper Cliff is a community built to accommodate staff working at the mines and smelter nearby.

#### 5.3.1 *Ownership Housing*

There is little new ownership housing in the West End/Copper Cliff area since 2010. Existing homes are mostly detached homes on small lots, of which many are bungalows, with varying level



of maintenance. Through 2017, resold homes ranged from \$73,000 to \$400,000, averaging about \$188,000 overall.

### 5.3.2 Rental Housing

West End / Copper Cliff has about 1,350 purpose-built rental units, over 80% of these units are in buildings with less than 20 units, and a sizable proportion are in multiplex buildings with less than 5 units. Sizing information in these buildings are generally not available. Based on a small sample of units with sizing information provided, rents average about \$1.30 per square foot per month. Rents by unit type are as follows:

- Bachelor suites are between \$650 and \$690 per month;
- One-bedroom suites are between \$750 and \$1,000 per month. Units with upper end pricing are usually offered with some upgrades, either newer appliances or laminate flooring;
- Two-bedroom suites are between \$800 and \$1,250 per month;
- Three-bedroom suites are between \$1,200 and \$1,400 per month.

### 5.3.3 Social Housing Inventory

The West End/Copper Cliff area has a relatively small social housing stock of 122 units, of which 85 are RGI units. Additionally, there are three rent supplement units across the submarket, bringing the total RGI supply to 88 units.

**Table 12** summarizes the social housing stock by portfolio and building type in the West End-Copper Cliff area.

**Table 12**

West End-Copper Cliff Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	0	0	0	0	0	0	0	0
Provincial Reformed	60	58	0	118	40	45	0	85
Federal Projects	0	0	4	4	0	0	0	0
Rent Supplement	-	-	-	-	3	0	0	3
<b>Total</b>	<b>60</b>	<b>58</b>	<b>4</b>	<b>122</b>	<b>43</b>	<b>45</b>	<b>0</b>	<b>88</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

Of note, there is no presence of GSHC housing stock and a very small number of federal housing units in this area. The vast majority of the existing social housing units comes from two provincial reformed projects located in this area:

- Casa Bella Senior Citizen Apartments is a 3-storey 60-unit seniors' apartment housing project with 40 RGI units. The majority (46) of the units in this project are one-bedroom suites and the remaining are two-bedroom suites. In recent years, the wait list for this project has shrunk and in 2017 there were 77 households on the list.
- Isle of Innisfree Non-Profit Homes is a 58-unit stacked townhome project, with a mix of one-bedroom "apartments" and multi-bedroom family units. Wait list for the "apartment" units are very high: as of 2017, 392 households are waiting for these units. Unlike Casa Bella, these apartments have no age restrictions. The family units have a much shorter wait list, with 72 households as of 2017.
- There are four scattered units from the federal projects in the West End-Copper Cliff area, all of which are housing for aboriginal households.
- There is also a post-2000 social housing project in the West End-Copper Cliff area, located at 192 Copper Street. The 66-unit apartment building was constructed in 2011 under the Affordable Housing New Rental & Supportive Component program, with 64 units designated as affordable (LEM). This program is mandated to provide housing for low-income seniors and persons with disabilities.

#### 5.3.4 *Summary of Key Findings*

- West End/Copper Cliff is an inner suburban area that largely consists of small low-density homes for the working class and mining related employees who work at the aggregate sites nearby. The area has seen little new developments in the past decade.
- Homes are generally affordable with an average resale price of \$188,000, lower than City average.
- The area has a small purpose-built rental stock. Rental buildings in the area are generally small in scale, and rents are affordable at around \$1.30 psf.
- Social housing inventory is also small in the area and the existing supply is mostly from two provincial reformed projects. There is strong demand for one-bedroom suites in this location. Interestingly, Casa Bella has a shorter wait list than other senior housing projects across the City, which might be due to the building's quality and/or the location.

## 5.4 **South End**

The City's South End is currently one of the fastest growing areas of the City. Various types of new residential development have been introduced to the area over the past decade, which includes low density subdivisions, condominium apartments, and purpose-built rental apartments. A large proportion of new commercial investments in the City are also within the South End area, mostly concentrated along Long Lake Road and along Regent Street.

In part, the growth of the South End could be attributable to its proximity to various major institutions, including Laurentian University and Health Sciences North, which is the main health

care service provider in northeastern Ontario. The socioeconomic and housing makeup is also attractive to many in the City.

#### 5.4.1 Ownership Housing

Since 2010, the South End has seen relatively consistent annual completions of new freehold low-density homes (detached, semi-detached), averaging 60 completions per year. Recent townhome developments in the South End are largely condominium in tenure, and have averaged approximately 10 units each year. Condominium apartment completions have been minimal since 2010.

At the time of this study, three new housing projects are marketing in the South End area, all of which are located near the intersection of Regent Street and Algonquin Road. **Table 13** summarizes the product offering and pricing in these projects. On average, new homes are currently selling for around \$466,000. Buyers of these new products are generally families and retirees.

Existing homes in the South End area vary greatly in building age, size, and level of maintenance, as was reflected in the resale prices. In 2017, a sampled analysis on homes resold in the South End ranged from \$74,000 to \$1.6 million, averaging about \$400,000 overall.

**Table 13**

Actively Marketing (New) Housing Projects - South End As of February 2018							
Project Name	Type	Tenure	Available Listings				
			Min Price	Max Price	Min Size	Max Size	Avg. \$PSF
Billiards Green	Semi-Detached, Townhome	Condominium	\$369,900	\$369,900	1,654	1,654	\$224
Mallards Green	Bungalow Townhome	Condominium	\$419,900	\$419,900	1,100	1,100	\$382
Vintage Green	Detached Bungalow & 2-Storey	Freehold	\$459,900	\$549,900	1,315	2,300	\$328
Source: Marketing Materials							

#### 5.4.2 Rental Housing

The South End has the largest number of purpose-built rental stock across all submarkets, totaling over 3,000 units. The majority of these units (80%) are located in larger buildings with over 50 units, which also appear to have lower vacancy rates overall. About 65% of the purpose-built rental stock in the South End was built before 1980, however the area has a sizable number of new rental units as well. Since 2010, over 200 units were built in the area, which was the largest increase of supply for any of the submarkets within the City.

As of October 2017, the vacancy rate in the South End was 4.1% overall, up from 1.2% in 2011 when it was tightest. Of note, vacancy rates at older projects in the South End has remained very

low at below 2.4% between 2010 and 2017, while the new stock, especially projects constructed after 2000 has much higher vacancy, likely due to higher rents. CMHC notes that the vacancy rate for a project built after 2000 is 19.7%, however the data reliability estimate is noted to be weak.

The South End has a more diverse tenant base compared to other areas. With proximity to the University, hospital, and vibrant retail areas, South End projects attracted seniors, families, professionals, and students. Our survey of rentals in South End suggested three general type of products:

- Units with basic suite features and finishes averaged about \$1.40 psf per month. Rent by unit type is summarized below:
  - Bachelor suites averaged about \$900 per month, or \$1.71 psf with an average size of 565 square feet;
  - One-bedroom suites averaged about \$1,030 per month, or \$1.41 psf with an average size of 755 square feet;
  - Two-bedroom suites averaged about \$1,185 per month, or \$1.25 psf with an average size of 1,000 square feet;
  - Three-bedroom suites averaged about \$1,450 per month, or \$1.21 psf with an average size of 1,150 square feet.
- Some units have been upgraded with more contemporary suite features and finishes. While the level of upgrades varies from building to building, common to most are new (stainless steel) appliances, new kitchen and bathroom countertops and cabinetry, and laminate flooring. Some of the projects also included ensuite washer and dryer. Overall, the upgraded suites averaged \$1.70 psf per month. Rents of available units by unit type are summarized below:
  - One-bedroom suites averaged \$1,595 per month, or \$1.88 psf with an average size of 850 square feet;
  - Two-bedroom suites averaged \$1,645 per month, or \$1.62 psf with an average size of 1,025 square feet.
- There is a new purpose-built rental apartment developed by Panoramic Properties Inc. in the South End at 1310 Nesbitt Drive. Units in the new building features stainless steel appliances, contemporary kitchen cabinets and kitchen island, engineered hardwood flooring, and ensuite laundry in all units. Compared to older buildings, the new project offers more common amenities, which include a lounge, a games room, an executive office and a gym. Tenants at this project are mostly downsizers, while it has also attracted some young professionals. Rents at this project averaged \$2.12 per square foot, with rents by unit type as follows:
  - One-bedroom suites averaged about \$1,850 per month, or \$2.17 psf with an average size of 850 square feet;

- Two-bedroom suites averaged about \$2,100 per month, or \$2.00 psf with an average size of 1,050 square feet.
- The new project had higher vacancy, likely due to their higher price point. Some of the vacant units in the newer projects are being rented as furnished suites/short term rentals.



Typical kitchen at 1310 Nesbitt Drive (Buildings D, E, F). Source: Marketing Materials.

#### 5.4.3 Social Housing Inventory

The South End has a total of 551 social housing units, of which 510 are RGI. Additionally, there are 145 rent supplement RGI units with local private rentals or affordable rentals in federal projects.

**Table 14** summarizes the social housing stock by portfolio and building type in the South End area with key observations to follow.

**Table 14**

South End Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	364	42	0	406	364	42	0	406
Provincial Reformed	94	50	0	144	68	36	0	104
Federal Projects	0	0	1	1	0	0	0	0
Rent Supplement	-	-	-	-	144	0	1	145
<b>Total</b>	<b>458</b>	<b>92</b>	<b>1</b>	<b>551</b>	<b>576</b>	<b>78</b>	<b>1</b>	<b>655</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

- The majority (83%) of the social housing units in the South End are apartment units. About 17% of the units are townhomes. There is only one scattered, low-density unit in this area.
- GSHC has a total of 406 public housing units in the South End area within three projects:

- Two of the three projects are high-rise buildings with apartments with no age restrictions. These units are virtually all one-bedroom apartments. Each of the two projects have about 350 to 400 households on their wait lists.
  - The remaining project is a family-oriented apartment-townhome complex, with 162 apartments and 42 townhomes, targeting families. The majority (74%) of the units in this complex are two-bedroom suites, and the rest are suites with three to five bedrooms. The wait list for this project has been shrinking, and in 2017 there are only three households wait for the apartment units and another three for townhome units. This apartment-townhome complex is located at Rumball Terrace which is associated with higher crime rate in the South End.
- There are three provincial reformed projects in the South End area, including two low-rise apartment projects and one townhome project.
  - One project, Shamrock Non-Profit Homes, located near the Health Sciences North, received overwhelming interest from prospective tenants, with over 500 households on its wait list. The project offers 23 one-bedrooms, 23 two-bedrooms, and 8 three-bedrooms, and has no specific target tenant.
  - The other apartment building, Rockview, is senior focused, with most of its units being one-bedroom suites. This project has seen a growing wait list with 165 households waiting in 2017.
  - The townhome project, Guhbawin Co-Operative Housing, offers an equal number of one, two, and three-bedroom units. The wait list for this project has shrunk over the past decade, however as of 2017 there are still 307 households waiting.
- Rent supplement units are almost entirely apartments and the majority (77%) of them are one-bedroom suites. Wait lists are kept for some of the private rental buildings with rent supplement units and these lists are consistently long, with between 350 and 450 households on them.

#### 5.4.4 *Summary of Key Findings*

- South End is one of the fastest growing areas in the City. New developments in the area over the past decade encompass all housing types, while more recent residential developments are limited to low-density homes.
- New homes in the area are currently selling at \$466,000 on average, compared to an average of \$400,000 for resale homes.
- South End has the largest number of purpose-built rental stock across all submarkets. The area also has the most diverse tenant base, including seniors, families, professionals, and students.
- The South End has seen new purpose-built rental stock, and renovated older stock. These products have achieved premium pricing: old products in the area averaged about \$1.40 psf; upgraded units averaged \$1.70 psf, and new product averaged \$2.12 psf.

- The new rental stock has pushed up the vacancy rates in the South End area. However higher vacancy rates are normally found in the newer and more expensive units, whereas the older projects still have a very tight vacancy rate.
- The existing social housing inventory is predominantly apartment units. Some townhomes are available in both public housing and provincial reformed portfolios.
- Many social housing projects in the South End have a long wait list with over 300 households. This overwhelming interest has been observed at both apartment and townhome projects and projects with proximity to health care services appear to be the most popular. However, the apartment-townhome complex project at Rumball Terrace has few households on their wait list. We understand the short wait list is due to an infrastructure project within the building that has impacted its desirability over the last several years. GSHC staff expect demand for the project to improve once construction is complete, which should be this year.

## 5.5 New Sudbury

New Sudbury is a relatively newer community, mostly built after 1960s. The area is predominately single-detached homes, while it also has duplexes, and some high-rise and low-rise apartments. New Sudbury is one of the few areas in the City that have seen expansion of retail uses. The major arterials in New Sudbury, Lasalle Boulevard, Falconbridge Road, Notre Dame Avenue, and the Kingsway, are populated with a mix of commercial uses including shopping malls, retail plazas, and some office and light industrial uses. New Sudbury also has some large institutions, such as the Sudbury Tax Services Office and Cambrian College, which generate local housing demand from students and employees.

At the south end of New Sudbury where it borders the Minnow Lake area, the Kingsway Entertainment District is proposed. The plan proposes a 170-acre district that contains an arena, a hotel, a casino, and a public square. This development, once completed, is expected to create more jobs and attract visitors to the New Sudbury/Minnow Lake Area.

### 5.5.1 Ownership Housing

Since 2010, New Sudbury has added about 100 freehold or condominium homes in total. Of note, freehold homes are entirely single or semi-detached homes, and most of them were completed before 2014. Condominium units are entirely townhomes completed in 2016 and 2017. At the time of this study, three projects are selling in the New Sudbury area, including two projects with detached homes and one with condominium townhomes. New homes in these projects ranged from \$324,900 for a 1,015 square foot bungalow semi-detached home to \$539,924 for a 1,491 square foot detached bungalow home, averaging \$396,000. **Table 15** summarizes pricing and sizing in each project.

Existing homes in New Sudbury are generally maintained in good condition. A sample of homes sold in New Sudbury ranged from \$100,000 to \$800,000, averaging about \$268,500 overall.



**Table 15**

Actively Marketing (New) Housing Projects - New Sudbury As of February 2018							
Project Name	Type	Tenure	Available Listings				
			Min Price	Max Price	Min Size	Max Size	Avg. \$PSF
New Holland	Bungalow Detached and Semi-Detached	Freehold	\$324,900	\$429,938	1,015	1,185	\$341
Village of Montrose	2-Storey & Bungalow Detached	Freehold	\$539,924	\$539,924	1,491	1,491	\$362
Village of Montrose	Bungalow Townhome	Condominium	\$349,900	\$425,000	1,100	1,100	\$350
<i>Source: Marketing Materials</i>							

### 5.5.2 Rental Housing

New Sudbury has a purpose-built rental stock of 2,207 units as of 2017, of which about 18% are rental townhomes. Rental projects in New Sudbury vary in building size and low vacancies are found across all buildings regardless of size or age. Typical basic suite features and finishes are common to New Sudbury projects. On average, our survey suggests rental units achieve an average rent of \$1.16 psf per month. Below is rent by unit type:

- One-bedrooms averaged \$900 per month, or \$1.25 psf with an average size of 730 square feet;
- Two-bedroom suites averaged \$1,100 per month, or \$1.11 psf with an average size of 1,015 square feet;
- Two-bedroom townhome averaged \$1,375 per month, or \$1.15 psf with an average size of 1,200 square feet.

### 5.5.3 Social Housing Inventory

The New Sudbury area has a total of 515 social housing units, of which 455 are RGI units. Additionally, there are also 159 rent supplement RGI units within federal affordable housing projects or private rentals, bringing the total RGI supply in New Sudbury to 614 units.

**Table 16** summarizes the social housing stock by portfolio and building type in the New Sudbury area with key observations to follow.

- The New Sudbury area has the largest supply of scattered low density social housing units in the City, totalling 182 homes:
  - This includes 122 homes in the public housing portfolio with RGI rents and 60 within the federal projects with different levels of affordable rents. Of the 60 federal scattered units, 20 are stacked with rent supplement, which also offers RGI rents.
  - Most of these homes have three bedrooms, others have four or five bedrooms.



- Wait list for the GSHC's scattered homes are moderate, ranging between 15 and 53 households, whereas the list for the Habitat Boreal's (a federal housing project) homes is longer, with 129 households waiting as of 2017. A possible explanation to this is that the demand (or number of households that are qualified) for family sized units with lower end market is stronger than for RGI units.
- GSHC also has 121 apartment units and 212 townhome units in the area:
  - The apartment units are from two buildings, including one seniors only building and an adult building. Both projects have predominately one-bedroom units. Wait lists for both projects have been growing. Of the two, the 20-unit low-rise apartment project at 1528 Kennedy Street, available for all adults aged 16 years and older, appears to be more popular, with 431 households on its wait list. The senior only project, which is a 101-unit high-rise building, has 139 households waiting.
  - The 212 townhomes from three projects targeting families offers units ranging from two to five bedrooms, with three-bedroom models being the predominant type. Wait lists for these three projects have been shrinking over the past decade, with only 12 to 44 households on each as of 2017.
- Rent supplement units in the local area are mostly accommodated in apartment buildings, and one-bedrooms are the predominant unit type among the rent supplement apartment units. Some of the private rental apartment buildings keep wait lists for the rent supplement units and these lists are consistently long, with between 370 and 550 households as of 2017.

Table 16

New Sudbury Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	121	212	122	455	121	212	122	455
Provincial Reformed	0	0	0	0	0	0	0	0
Federal Projects	0	0	60	60	0	0	0	0
Rent Supplement	-	-	-	-	135	4	20	159
<b>Total</b>	<b>121</b>	<b>212</b>	<b>182</b>	<b>515</b>	<b>256</b>	<b>216</b>	<b>142</b>	<b>614</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

#### 5.5.4 Summary of Key Findings

- New Sudbury is a relatively new community in the City. The area is predominately low-density neighbourhoods, while commercial and higher-density residential uses can be found along major arterials.
- New Sudbury is one of the areas in the City that has active new home construction, which is mostly low density homes. These new homes averaged about \$396,000 while local resales is much more affordable at an average price of \$268,500.

- New Sudbury has not seen much new rental stock over the past decade and the vacancy rate has been the lowest amongst all communities in the former City of Sudbury. Rents averaged about \$1.16 psf, which appears to be lower than many other areas in the City while unit sizes in this area are generally larger. Moreover, existing private rental supply is mostly (72%) multi-bedroom units.
- The social housing stock is also predominately family-sized units, including townhomes and scattered detached and semi-detached homes. Wait lists for these homes are generally not overwhelmingly long except for the federal provider Habitat Boreal.
- The social housing units that are mostly one-bedroom apartments generally have very long and growing wait lists, and the wait list for the adult building is particularly long.

## 5.6 Minnow Lake

Minnow Lake is located immediately south of New Sudbury. Along the northern edge of Minnow Lake is the Kingsway strip with a mix of commercial and light industrial uses. Along this strip, near the intersection of Kingsway and Barry Downe Road there is the RioCan Centre, with many big box, national retailers, restaurants, and a movie theatre. Housing in Minnow Lake is predominantly single-detached homes, with some townhomes and low-rise apartment buildings.

### 5.6.1 Ownership Housing

Since 2010, Minnow Lake had an average of 35 home completions every year, of which all are freehold single or semi-detached homes. At the time of this study, five projects are marketing in the Minnow Lake area, products offered include bungalow detached, semi-detached, and two-storey detached homes. Prices of available homes show a wide range from \$334,900 to \$699,900, averaging \$477,500 overall. **Table 17** summarizes pricing and sizing details. In addition to square footage, proximity to the lakefront, natural features, and the retail centres appear to have a bearing on home value and positioning of the products (e.g. upscale versus affordable).

**Table 17**

Actively Marketing (New) Housing Projects - Minnow Lake As of February 2018							
Project Name	Type	Tenure	Available Listings				
			Min Price	Max Price	Min Size	Max Size	Avg. \$PSF
Redwood	2-Storey Detached	Freehold	\$519,900	\$519,900	2,270	2,270	\$229
Moonlight Ridge	2-Storey & Bungalow Single and Semi Detached	Freehold	\$334,900	\$414,900	1,185	1,242	\$313
Bayside	2-Storey Detached	Freehold	\$539,928	\$699,900	1,426	2,635	\$303
Hazelton	2-Storey Detached	Freehold	\$450,900	\$573,900	1,430	2,870	\$233
Scenic View	2-Storey Detached	Freehold	\$359,900	\$384,500	1,085	1,983	\$187
Source: Marketing Materials							

Existing homes in Minnow Lake are generally well maintained, ranging from old bungalow detached homes on small lots to large mansions fronting on the lake. A sample of resales in Minnow Lake in 2017 indicated a price range of between \$88,500 and \$1.13 million, averaging about \$293,579 overall.

### 5.6.2 Rental Housing

Minnow Lake has a relatively small rental community, with only 800 units as reported by CMHC. Earlier in 2010, the area had only 600 units, and vacancy was virtually zero. With added supply of roughly 200 units, the vacancy rate in the past three years rose to above 4.0%. Of note, the vacancy rate for buildings built before 2000 in the area had a lower vacancy rate of only 2% in 2017, whereas buildings built after 2000 had a vacancy rate of 6.4%. This data indicates an affordability driven rental marketplace.

Overall, units in Minnow Lake generally have basic suite features and finishes. Our survey suggested an average rent of \$1.35 psf per month. Rents by unit type is summarized as follows:

- Bachelor suites are about \$740 per month;
- One-bedrooms in Minnow Lake show a wide range from \$850 to \$1,200 per month, averaging \$1,016 per month. Closer to the Downtown Sudbury unit sizes tend to be smaller, while moving east unit sizes are much larger;
- Two-bedroom suites averaged about \$1,123 per month.

### 5.6.3 Social Housing Inventory

The Minnow Lake area has a total of 449 social housing units, of which 300 are RGI. Additionally, the area also has 64 rent supplement units with RGI rents, bringing the total RGI supply in the area to 364 units.

**Table 18** summarizes the social housing stock by portfolio and building type in the Minnow Lake area with key observations to follow.

**Table 18**

Minnow Lake Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	0	112	0	112	0	112	0	112
Provincial Reformed	82	141	0	223	188		0	188
Federal Projects	90	8	16	114	0	0	0	0
Rent Supplement	-	-	-	-	58	0	6	64
<b>Total</b>	<b>172</b>	<b>261</b>	<b>16</b>	<b>449</b>	<b>358</b>		<b>6</b>	<b>364</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

- The Minnow Lake area has two projects in GSHC's public housing portfolio, both projects consist entirely of townhome units, totaling 112 units. These units have between two and five bedrooms, while three-bedrooms is the predominant type. Wait lists for these units have been shrinking, and in 2017 there are 7 to 17 households on the wait lists of these projects.
- There are five provincial reformed projects in the Minnow Lake area, totalling 223 units.
  - Only one project, Sudbury Finnish Rest Home Society Palvelukoti Building, targets seniors with a total of 46 units, of which 41 are RGI units. All of the 46 units are one-bedroom suites.
  - Two projects target families with a total of 71 townhomes, of which 61 are RGI units. These projects generally have a shrinking wait list over the past decade. In 2017, one of the two projects, Palace Place, has a wait list of 79 households, and the other project, Habitat Boreal has 9 to 18 households on their list.
  - The remaining two projects, Co-operative Homes of Prosperity & Equality and Horizon Co-operative Homes, offer a mix of apartments and townhomes with no specific target tenants. In total, they have 36 apartments and 70 townhomes. Units offered at these projects range from one to four-bedroom suites. A common trend to both projects is that the wait lists for apartment units are much longer, with between 300 and 350 households on them, while the lists for townhome units are much shorter, with only 50 to 100 households.
- There are 114 federal units in the Minnow Lake area, including 90 apartment units, 8 townhome units, and 16 scattered units.
  - The Sudbury Finnish Rest Home has one phase, Finlandia Koti, that falls under the federal project category. Like the rest of the complex, this project targets seniors and offers 90 units, including 63 one-bedroom and 27 two-bedroom units. Overall, the wait list for Sudbury Finnish Rest Home complex has been growing. In 2017 the project recorded 132 households on its wait list.
- There are 64 rent supplement units, with 58 apartment units with private rentals and the Finnish Rest Home apartments, and 6 stacked on top of scattered units from federal projects in the area. Most of the apartment rent supplement units are one-bedrooms.
  - One private apartment rental project with rent supplement units keeps a wait list, which has 377 households on it as of 2017.
- There is one post-2000 project in Minnow Lake, which is an 82-unit development within the Sudbury Finnish Rest Home Society complex (the Lepokoti Building). The project is constructed under the Affordable Housing New Rental & Supportive program with 61 units designated affordable.

#### 5.6.4 *Summary of Key Findings*

- Minnow Lake is a low-density residential area with a large commercial district located along the Kingsway.
- The area has seen active new home constructions in recent years. These new homes averaged \$477,500, while existing homes in the area resold for an average of \$293,580.
- Minnow Lake has a small private purpose-built rental marketplace. Average rents are approximately \$1.35 psf per month. Similar to other communities in the City, the newer rental supply is observed to have a higher vacancy rate than the older and less expensive stock.
- Social housing in Minnow Lake is mostly townhomes and apartments. Townhomes are typically family sized while apartments are largely one-bedroom suites. A general trend is that wait list for apartment units, especially those without age restrictions, is much longer than for townhome units. Rent supplement units are also very popular.

### 5.7 **Onaping Falls/Walden**

Onaping Falls/Walden are two communities located on the west side of the City of Greater Sudbury. It is generally a rural area with a few local communities including Dowling, Onaping, and Levack in Onaping Falls, and Lively, Waters, and Naughton in Walden. Onaping Falls/Walden area has a number of active mining sites, near Levack and Lively.

#### 5.7.1 *Ownership Housing*

Since 2010, the area had about 200 completions of ownership housing, which consists almost entirely of detached homes. On average, about 25 completions per year are reported in the Onaping Falls/Walden area. At the time of this analysis, only one new housing project is marketing, named the Sugarbush in Lively area. This project offers two-storey and bungalow detached homes. Remaining units are listed for \$434,900 for a 1,353 square foot bungalow detached home, averaging about \$320 psf.

A sample of resales that occurred in 2017 in Onaping Falls/Walden area were reviewed. The majority of the resales in the area are located in the local communities mentioned above. Of note, resale value in Walden is higher than Onaping Falls:

- In Walden Area, homes ranged from \$55,000 to \$494,000, averaging \$255,600. Within Walden, homes in Naughton appear to be higher valued than homes in Lively.
- In Onaping Falls, homes ranged from \$40,000 to \$327,500, averaging \$165,500. Within Onaping Falls, homes in Dowling appear to be higher valued than homes in Onaping and Levack.

### 5.7.2 Rental Housing

Onaping Falls / Walden area has the smallest number of purpose-built rental units in all submarkets, totalling only 242 units in 2017. Since 2010, the rental universe shrunk by about 70 units. Vacancy rates in the area were above 3% before 2013, while in 2017 it has dropped to 2.1%.

Our survey returned only a small number of units for rent and sizing information is generally not available. Based on available units, rents by unit type is generally as follows:

- In Lively, one-bedrooms rent for about \$850 per month, and two-bedrooms rent for about \$990 per month;
- In Dowling, two-bedrooms rent for about \$1,075 per month;
- In Levack, two-bedrooms rent for about 800 per month.

### 5.7.3 Social Housing Inventory

Onaping Falls-Walden area has a small social housing stock of only 96 units within four housing projects, of which 72 are RGI. Additionally, there are 9 rent supplement units with private rental projects, bringing the total RGI supply in the area to 81 units.

**Table 19** summarizes the social housing stock by portfolio and building type in the Onaping Fall/Walden area with key observations to follow.

**Table 19**

Onaping Falls-Walden Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	26	0	0	26	26	0	0	26
Provincial Reformed	30	20	0	50	22	16	0	38
Federal Projects	20	0	0	20	8	0	0	8
Rent Supplement	-	-	-	-	9	0	0	9
<b>Total</b>	<b>76</b>	<b>20</b>	<b>0</b>	<b>96</b>	<b>65</b>	<b>16</b>	<b>0</b>	<b>81</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

- Of the four social housing projects in the area, three are apartment buildings targeting seniors or adults and one is a townhome project with no specific target tenant:
  - GSHC has one public housing project in Lively, which is a two-storey walk-up apartment with 26 units for adults, all of which are one-bedroom suites. This project is the most popular building in the area with a wait list with 65 households.
  - There is one federal project, Gorham's Court in Dowling also targeting seniors. The project is a two-storey walk up apartment with 20 units, all being one-bedroom. Of

the 20 units, 8 are RGI units. Wait list for this project is relatively short, with only 9 households.

- There are two provincial reformed projects:
  - Walden Municipal Non-Profit Housing is a 60+ apartment building with two storeys and 30 units, of which 22 are RGI units. Of the 30 units, 24 are one-bedroom suites and 6 are two-bedroom suites. Wait list for this project has been consistently around 30 households over the past decade.
  - Place Cartier Habitation is a 20-unit townhome project with 16 RGI units. The townhomes have one, two, or three bedrooms, and the wait list for this project has been around 60 over the past decade.
- There are 9 rent supplement units in the Onaping Falls-Walden area with one private rental apartment project. The wait list for rent supplement units in this building was 67 households in 2017.
- There is one post-2000 project social housing project on Hill Street in Lively. Developed under the IAH funding, the project has 33 units, including 31 one-bedrooms and 2 two-bedroom units. Of the 33 units, 32 are assigned affordable.

#### 5.7.4 *Summary of Key Findings*

- Onaping Falls/Walden is a rural area on the west end of the City of Greater Sudbury. The area still has a few mining sites in operation.
- New home constructions can be seen in Lively, a community in Walden, at the time of this study, and homes are about \$434,900 on average. By comparison, existing homes in Walden resold for an average of \$255,600. Homes in Onaping Falls are generally much more affordable, averaging \$165,500.
- Onaping Falls/Walden has a very small purpose-built rental marketplace and the vacancy rate is very tight.
- Home prices and rents vary across the communities within this submarket, with Dowling selling/renting for the highest price while Levack is the lowest.
- The majority of the social housing projects in Onaping Falls/Walden area are senior or adult apartments within low-rise, walk-up buildings. Townhomes are also available in the area. In general, the wait list at both apartment and townhome projects in Onaping Falls/Walden has been moderate, with between 10 and 65 households on each of them.

## 5.8 **Rayside-Balfour**

Rayside-Balfour is a rural community to the north of the former City of Sudbury. The community is known for having a large francophone population. Rayside-Balfour had a mining industry in early 1900s while today mining sites in the area have all been long abandoned. Agriculture has



since been the area's main economic mainstay. Rayside-Balfour has two major local communities, Azilda and Chelmsford.

#### 5.8.1 *Ownership Housing*

Since 2010, Rayside-Balfour had about 300 ownership housing completions in total, these new homes are almost entirely detached homes. Completions were higher between 2010 and 2013 with an average of 50 units per year, however since then the annual average has dropped to 30 units. There are currently no new homes marketing in this submarket. Resold homes in 2017 are largely detached homes located within the Azilda and Chelmsford communities. In Azilda, resold homes ranged between \$53,000 and \$565,000, averaging \$281,000; while in Chelmsford, homes resold ranged from \$60,000 to \$632,500, averaging about \$242,000.

#### 5.8.2 *Rental Housing*

Rayside-Balfour has a sizable purpose-built rental apartment stock, totaling about 890 units in 2017. Tenants in this area are mostly seniors. Since 2010, about 190 new rental units were brought to the community, and the vacancy rate increased from 3.9% to 4.6%. Our survey captured both new and old purpose built rental apartment. Based on a limited sample, older units averaged about \$1.00 psf, while newer projects averaged about \$1.25 psf:

- At older projects, two-bedrooms averaged about \$870 per month;
- At newer projects:
  - One-bedrooms averaged about \$880 per month;
  - Two-bedrooms averaged about \$1,240 per month (or \$1.20 psf at 1,050 square feet);
  - Townhomes rented for about \$1,450 per month (or \$1.31 psf at 1,100 square feet).

#### 5.8.3 *Social Housing Inventory*

Rayside-Balfour has the largest number of social housing units outside of the former City of Sudbury. In total the area has 312 social housing units, of which 262 are RGI. Additionally, there are four rent supplement units, all stacked within local federal housing units, bringing the total RGI supply to 266 units.

**Table 20** summarizes the social housing stock by portfolio and building type in the Rayside-Balfour area with key observations to follow.

- GSHC has a total of 75 public housing units in the area, including 41 apartment units and 34 scattered semi-detached units.
  - The 41 apartment units are from one two-storey walk-up apartment project in Chelmsford designed for all adults above 16 years old. All of the 41 units are one-bedroom suites, with a wait list of 116 households.



Table 20

Rayside-Balfour Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	41	0	34	75	41	0	34	75
Provincial Reformed	108	80	45	233	88	66	33	187
Federal Projects	0	0	4	4	0	0	0	0
Rent Supplement	-	-	-	-	0	0	4	4
<b>Total</b>	<b>149</b>	<b>80</b>	<b>83</b>	<b>312</b>	<b>129</b>	<b>66</b>	<b>71</b>	<b>266</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

- There is a large presence of provincial reformed housing projects in Rayside-Balfour area, totalling 233 units.
  - Of the 233 units, 108 are apartment units within four projects. Two of the four apartment projects, Azilda Senior Citizen's Non-profit and Whitewater Seniors Residence, are 60+ buildings with 48 units, including 42 one-bedroom suites and 6 two-bedroom units. Both of these buildings are in Azilda. There is also an adult building in Chelmsford, Place Bonne Entente, which is also predominately one-bedroom suites. Wait lists for these three projects are between 36 and 47 households per project. Note that wait lists at these projects are shorter than the adult building in GSHC's portfolio.
  - The remaining apartment project, Friendship Place D'Amitie, located in Chelmsford, offers 18 one- and two-bedroom suites and two three-bedroom suites, all of which are modified units. Wait list for this project has shrunk in the past decade, to only three households in 2017.
  - Compared to the apartment projects, townhomes in Chelmsford and Azilda appear to be more popular. There are two provincial reformed townhome projects, La Cooperative D'Habitation Antigonish in Azilda and Le Centre D'Habitation in Chelmsford. These projects offer mostly two and three-bedroom suites, with a few one-bedroom units in each project. Both projects have a relatively long wait list with 125 to 170 households.
  - There is one provincial reform co-operative housing project, Balfour Co-operative Homes, with 45 semi-detached homes. Most of these homes have two to three bedrooms and some have four bedrooms. Wait list for this project have shrunk over the past decade, to only 15 households in 2017.
- There are four federal scattered units in Rayside-Balfour area, all of which are from the Habitat Boreal projects and all are stacked with rent supplement agreements.

#### 5.8.4 *Summary of Key Findings*

- Rayside-Balfour is a small community that has seen continuous new developments of various type of homes, while completion volume has toned down in recent years. Detached homes still make up the largest proportion of new completions since 2010, while there have been a sizable proportion of rental apartment and townhome completions.
- In Azilda, resale homes are more expensive, averaging \$281,000, while in Chelmsford average resale price was \$242,000.
- Rayside-Balfour has the largest private market rental stock outside of the former City of Sudbury. 190 new rental units were added to the community since 2010 with only a modest impact on the vacancy rate.
- Rental rates averaged about \$1.00 psf for older stock and \$1.25 for newer units.
- Rayside-Balfour also has the largest social housing stock outside of the former City of Sudbury. About half of the social housing units in the area are apartment units, of which a large proportion are senior only or adult units. The wait list for the adult units is longer than the senior only units, which is a common trend across the City.
- Compared to apartments, wait lists for townhome projects are usually longer, with 125 to 170 households wait in 2017.

### 5.9 **Valley East / Capreol**

The Valley East/Capreol area is to the east of Rayside-Balfour, north of the former City of Sudbury. The Valley East area contains a few local communities including Blezard Valley, Hanmer, Val Caron, and Val Therese; and Capreol is the northernmost community in the City of Greater Sudbury.

#### 5.9.1 *Ownership Housing*

Since 2010, about 475 freehold homes were completed in the Valley East/Capreol submarket, representing the highest number of completions across all submarkets. Almost all of these completions are single-detached homes. There is currently one new residential project selling in Valley East/Capreol area, named Hidden Valley in the Val Caron community. This project offers bungalow and two-storey detached homes priced between \$384,900 for a 1,185 square foot bungalow home (\$293 psf) and \$499,900 for a 1,968 square foot two-storey home, averaging about \$450,000.

Homes resold in the Valley East/Capreol are largely concentrated in the local communities mentioned above. Homes in the Town of Capreol appear to be the most affordable, with resold prices ranging between \$50,000 and \$275,000, averaging \$145,400. In the Valley East community homes resold ranged between \$60,000 and \$560,000, averaging \$261,000.

### 5.9.2 Rental Housing

Valley East/Capreol area has a total of about 400 purpose-built rental units. All of the units are in small structures with less than 20 units, and the existing stock are predominantly two-bedroom suites. Since 2010, only about 60 more units were added to the community while vacancy rate is virtually zero in 2017, especially in older projects with lower rents. Seniors make up a large proportion of local tenants and the new products are all targeting seniors as well.

Our survey of available units returned very few vacancies and sizing information is generally not available. Overall, average rents by unit type is as follows:

- The Town of Capreol has little rental units. A limited sample size suggested that two-bedrooms generally rent for \$900 per month.
- In the Valley East communities (Hanmer, Val Caron, Val Therese, and Blezard Valley), many of the multi-bedroom suites are offered with ensuite laundry:
  - One-bedrooms generally averaged about \$800 per month;
  - Two-bedrooms averaged \$1,220 per month;
  - Three-bedrooms rented for \$1,375 per month.
- Of note, there are two new purpose-built rental apartment projects in Valley East, with one each in Val Caron and Hanmer. Both projects are marketed towards seniors and at both locations two-bedrooms are rented for \$1,500 per month, or \$1.43 psf (1,050 square feet).

### 5.9.3 Social Housing Inventory

Valley East-Capreol area has a total of 185 social housing units, of which 153 are RGI units. Additionally, there are five rent supplement scattered units with RGI rents, bringing the total RGI supply in the area to 158 units.

**Table 21** summarizes the social housing stock by portfolio and building type in the Valley East-Capreol area with key observations to follow.

**Table 21**

Valley East-Capreol Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	47	0	0	47	47	0	0	47
Provincial Reformed	40	95	0	135	32	74	0	106
Federal Projects	0	0	3	3	0	0	0	0
Rent Supplement	-	-	-	-	3	0	2	5
<b>Total</b>	<b>87</b>	<b>95</b>	<b>3</b>	<b>185</b>	<b>82</b>	<b>74</b>	<b>2</b>	<b>158</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

- GSHC has two apartment buildings in the area, one is in Hanmer and the other one is in Capreol. Both projects are two-storey walk-up apartments targeting adults. The two projects total 47 units, all of which are one-bedroom units. The building in Hanmer keeps a wait list of 104 households as of 2017, while the building in Capreol has 53 households wait in 2017.
- There is a large presence of provincial reformed projects in Valley East-Capreol area, totalling 135 units.
  - Of the 135 units, 40 are apartment units (including 32 RGI) within two seniors only projects, Capreol Non-Profit in Capreol and La Societe des Bons Amis de la Vallee in Val Caron. These projects offer mostly one-bedroom suites with a few two-bedroom units. The Capreol project has a wait list of 41 households in 2017 while the Val Caron project's list has 73 households in 2017.
  - The remaining 95 provincial reformed units are all townhomes, from three projects, Les Maisons Cooperative Val Caron, and Maison Cooperative St. Jacques Phase I and II. Of the 95 units, 74 are RGI units. About 60% of these units are located in Hanmer, and the rest are in Val Caron. These homes have one to four bedrooms while the majority are two- and three-bedroom suites. Compared to the apartments for adults in the area, the townhomes appear to be more popular: there are 154 households on the wait list for the Val Caron townhomes, and 127 households wait for Hanmer townhomes.
  - There are also three federal scattered units from the Habitat Boreal project in the area, two in Val Caron and one in Hanmer.
  - There are five rent supplement units in the Valley East-Capreol area. Two of these units are stacked on the Habitat Boreal scattered homes in Val Caron and three are apartment units (all one-bedroom units) in Val Therese.
- Capreol also has a post-2000 social housing project named Capreol NP Housing Phase II. Constructed under the Affordable Housing Northern Complex program, the project targets seniors and has a 20 units, including 5 one-bedroom suites and 15 two-bedroom suites.

#### 5.9.4 *Summary of Key Findings*

- Valley East/Capreol has also seen continuous new development of various types of homes since 2010 while the development volume has toned down in recent years.
- New ownership housing is almost entirely detached homes. New detached homes currently average about \$450,000 based on a project in Val Caron, a community within Valley East. Resold homes in Valley East averaged \$261,000, while in Capreol homes are much more affordable and resold for about \$145,400 on average.
- Valley East/Capreol area has a relatively small market rental stock compared to other submarkets. A few new rental projects targeting seniors have been completed in local communities in Valley East (not in Capreol) in recent years while vacancy is still virtually zero.

- Social housing projects in Valley East/Capreol area are evenly split between apartments and townhomes. Apartment units are generally for adult or senior occupancy with predominantly small units. Wait lists for these units are generally between 40 and 100 households per project, with more households waiting to be in Valley East communities.
- Two affordable townhome complexes are found in Val Caron and Hanmer, both projects are popular with about 130 to 150 households waiting on wait list as of 2017.

## 5.10 Nickel Centre

Nickel Centre is located on the east side of the City of Greater Sudbury. It contains a few local communities, including Garson, Falconbridge, Coniston, Wahnapiatae, and Skead. Active mining activities still exist in Falconbridge and Garson areas.

### 5.10.1 Ownership Housing

Since 2010, there are only about 180 new ownership homes added to Nickel Centre, averaging about 22 completions per year. In the past three years completions dropped further to about 12 units per year. These homes are mostly detached homes.

There is one new housing project actively marketing in Nickel Centre, named the Applewood located in Garson. This project offers bungalow and 2-storey detached homes ranging from \$334,900 for a 1,242 square foot two-storey home (\$270 psf) to \$434,900 for a 1,185 square foot bungalow detached home (\$367 psf), averaging about \$375,700. By comparison, resold homes ranged from \$45,000 to \$555,000, averaging about \$249,000.

### 5.10.2 Rental Housing

Nickel Centre has a rental stock of 515 units in 2017, about 65% are apartment unit while the remaining 35% are rental townhomes. Since 2010, about 55 units were added to the community. Vacancy rate in Nickel Centre was 4% in 2010, dropped to 1.7% in 2014 but rose back to 4.4% in 2017. Of note, vacancy rates for rental townhomes have largely sustained below 1.4%, while the rates for apartments have been above 5.0% in 2016 and 2017.

Our survey of available units indicates that the current rents are generally as follows:

- Bachelor suites averaged about \$600 per month;
- One-bedroom suites averaged about \$750 per month;
- Two-bedroom suites with basic finishes averaged about \$830 per month, while units with some upgrades averaged about \$1,170 per month;
- Three-bedroom townhomes rented for \$1,200 per month.

### 5.10.3 Social Housing Inventory

The Nickel Centre area has the smallest existing social housing inventory across all submarkets, with a total of 64 social housing units, of which 59 are RGI units. Additionally, there is also one rent supplement unit with RGI rent, which brings the total RGI supply in the area to 60 units. All of the social housing units are located in Garson.

**Table 22** summarizes the social housing stock by portfolio and building type in the Nickel Centre area with key observations to follow.

**Table 22**

Nickel Centre Social Housing Summary (CGS Portfolio)								
Program	# of Brick and Mortar Units				# of RGI Units			
	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total	Apt <sup>1</sup>	TH <sup>1</sup>	Scattered <sup>1</sup>	Total
Public Housing	24	0	9	33	24	0	9	33
Provincial Reformed	0	0	30	30	0	0	26	26
Federal Projects	0	0	1	1	0	0	0	0
Rent Supplement	-	-	-	-	0	0	1	1
<b>Total</b>	<b>24</b>	<b>0</b>	<b>40</b>	<b>64</b>	<b>24</b>	<b>0</b>	<b>36</b>	<b>60</b>
1. Apt=Apartment; TH=Townhome; Scattered=Scattered single and semi-detached homes, and duplex Source: City of Greater Sudbury								

- GSHC has one apartment building with 24 units and 9 scattered units in Garson.
  - The apartment units are all within a two-storey walk-up building targeting adults. All 24 units within this projects are one-bedroom units. The wait list for this project has been growing in the past decade, and in 2017 there are 97 households on the list.
  - The 9 scattered public housing units are a mix of single and semi-detached homes with three or four bedrooms. Wait list for these units has been moderate. In 2017, there are 7 to 12 households on the list for them.
- There is one provincial reformed project, Springhill Co-operative Homes in Garson, offering 30 semi-detached homes targeting families. Of the 30 homes, 26 are RGI units. These homes range from one to three bedrooms, with the majority of them being two-bedroom models. These homes appear to be more popular than the semi-detached homes in the public housing portfolio, with 111 households on the wait list in 2017.
- There is also one federal scattered detached home in Garson. This home currently has rent supplement agreement stacked on it.

### 5.10.4 Summary of Key Findings

- The Nickel Centre area still has an active mining industry, located in Falconbridge and Garson areas. Homes in the area are generally on the affordable side, with new homes selling for an average of \$375,700 and resold homes averaged \$249,000.

- Purpose-built rental units in Nickel Centre are also on the affordable side. The area has a sizable purpose-built rental stock with 515 units, including a relatively large proportion (35%) of townhomes. These rental townhomes have much lower vacancy rates than their apartment counterparts.
- Nickel Centre has the smallest existing social housing inventory across all submarkets. Most of the social housing units in Nickel Centre are scattered low density units. Of these scattered units, the ones from the provincial reformed portfolio are very popular, with over 100 households on their wait list, while the ones from the public housing portfolio have much shorter wait lists.
- The only apartment building which targets adults also appears to be popular, with over 100 households wait.

## 6.0 Conclusions

The City of Greater Sudbury is in need of a revitalized social housing stock. The results of this housing supply and demand analysis indicate the following key findings, with more detailed commentary provided in the executive summary:

- The current affordable housing stock is not aligned with the demand characteristics of the current or projected population.
- The misalignment between supply and demand is observed for both RGI and LEM/affordable market housing.
- There is not enough RGI housing in the City, with demand primarily being driven by seniors and single-adults in need of one-bedroom suites.
- Demand for RGI housing is apparent given the large wait list of over 1,000 households within the City.
- There is not enough LEM/affordable market housing in the City, with demand being driven by a wider range of household types.
- Demand for LEM/affordable market housing is apparent given the wait list of over 300 households as well as the over 5,000 rental households estimated to be in core housing need within the City.
- Current and forecasted growth projections and the overall market outlook signal weak demand for new “market” rental and ownership housing.
- Current and forecasted growth projections signal strong demand for new affordable rental housing.
- The private sector has shown interest in developing LEM/affordable market housing with support from government funding.
- Outside of rent supplements, the private sector is unlikely to expand the supply of RGI housing. The expansion of RGI housing must therefore be led by the City/GSHC through either new development or expansion of rent supplements.
- Revitalization efforts should also focus on better aligning/optimizing the current affordable housing stock with current and future demand (e.g. more one-bedrooms, better accessibility, etc.).
- The greatest demand for new affordable housing is observed within the former City of Sudbury. While demand characteristics appear to favour communities such as New Sudbury, the ultimate decision regarding where to build a new affordable housing project requires a site specific analysis of all available options.



- New affordable housing developments can also attempt to address unmet demand for social services. Other strategies such as the development of community hubs can also address this issue.

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## Memorandum

<b>To:</b>	<b>City of Greater Sudbury</b>		
<b>From:</b>	N. Barry Lyon Consultants Limited		
<b>Phone:</b>	(416) 364-4414	<b>Date:</b>	July 2018
<b>Re:</b>	Social Housing Revitalization Plan: Stakeholder Consultation Summary		

N. Barry Lyon Consultants Limited (NBLC) has been retained by the City of Greater Sudbury to develop a Social Housing Revitalization Plan, which aims to develop a range of strategies designed to revitalize and optimize the aging social housing stock.

As part of this Revitalization Plan, NBLC undertook a four day consultation effort with project stakeholders between June 18<sup>th</sup> and 21<sup>st</sup>, 2018. Key elements of the consultation included:

- June 18<sup>th</sup>, 2018: NBLC delivered a presentation to the City's Community Services Committee. The presentation provided a brief overview of the project, a summary of work completed to date, key milestones and an overview of work to be completed, and some preliminary key findings of the affordable housing supply and demand study.
- June 19<sup>th</sup>, 2018 (morning): NBLC met with various City departments and staff to discuss the Revitalization Plan as well as ongoing work being undertaken by the City that is relevant to this project. We met with representatives from Housing Services, City Planning, Real Estate, Social Services, and the Greater Sudbury Housing Corporation (GSHC). Items discussed ranged from Community Hubs, the City's draft Affordable Housing Community Improvement Plan (CIP), possible surplus City-owned properties, and the Revitalization Plan.
- June 19<sup>th</sup>, 2018 (afternoon): NBLC facilitated a discussion of the GSHC real estate portfolio to identify the properties that require targeted revitalization strategies and/or other interventions. Attendees at this session included key members of the GSHC, members of the GSHC Board of Directors, and staff from the City's Housing Services department.



- June 20<sup>th</sup>, 2018: NBLC attended the Population Health Forum at the Garson Community Centre. The forum was a well-attended full day session addressing ten population health priorities. The priorities ranged from healthy streets and housing to mental health and indigenous youth. NBLC was responsible for facilitating a total of four “world café breakout sessions” on social housing. Those in attendance ranged from City staff, a wide-range of stakeholders working in social housing, health care, politics, and various other fields, as well as members of the public.
- June 21<sup>st</sup>, 2018: NBLC facilitated a working session with the GSHC and staff from the City’s Housing Services department. The purpose of the session was to discuss the trends in operating expenses and revenues observed over the past several years and determine reasonable assumptions for each item looking into the future. Current and future capital needs and subsidies was also discussed. This was a preliminary analysis intended to inform future work by NBLC and has therefore not been summarized in more detail in the following section.

## **1.0 High-Level Summary of Consultation**

The following provides a high-level summary of the key discussion points, feedback, and overall themes that were provided during the stakeholder consultation sessions.

### **1.1 Presentation to Community Services Committee**

- Given that the presentation was “for information only”, the feedback and discussion from committee members was generally high level.
- Committee noted that the current program qualifies households based on their income and household needs. Many households will therefore only qualify for a one-bedroom unit, which is driving the demand for this unit type. However, many households desire a two-bedroom home, especially seniors who want a second bedroom for visitors and grandchildren.
  - There may be a need to shift the approach/application of RGI qualification to better meet the desires of senior populations on fixed-incomes.
- If developers cannot build retirement communities with garden suites that allow seniors to age in place, the GSHC could address this need.
- This study needs to put forward strategies to improve the quality of life and dignity of tenants.
- There is a need to improve housing options across the City of Greater Sudbury, the focus cannot only be central locations. Households want to remain in their communities.



- Adequate housing is a major issue in Greater Sudbury but so are services to support vulnerable populations. Community Hubs integrated with housing investment decisions is an important consideration.
- Loneliness amongst social housing tenants is also an issue. Amenity and social gathering space must be considered within the context of social housing.
- It was acknowledged that if you fix housing issues, you also fix a lot of other issues.

## 1.2 Consultation with City of Greater Sudbury Staff

- The City is currently completing an Affordable Housing Community Improvement Plan (CIP), which is expected to be brought to Council for approval in July of 2018. The CIP came from the City's Strategic Plan with direction from Council to develop an affordable housing strategy.
- The CIP will offer financial incentives to encourage the private sector to build affordable housing. Financial incentives are expected to be offered including tax equivalent grants, planning and building permit grants, and per door grants. Development charges are also currently waived for affordable housing projects, subject to qualifying criteria (e.g. affordability timelines).
- The City is also investigating the use of surplus City-owned lands and/or acquiring private lands for the purpose of developing affordable housing. The CIP will also offer financial incentives to non-private landlords looking to implement second suites (available to the GSHC, non-profits, and co-ops only). Second suites are currently permitted as of right across the City, however take up has been fairly slow.
- Once the CIP is approved, developers will apply for the grants and will be assessed based on a number of criteria related to location, depth of affordability, project design, etc.
- It was acknowledged that the CIP is designed to assist the private sector with developing affordable housing. The GSHC would not be eligible for tax equivalent grants as they do not currently pay property taxes. However, it would be assumed that the other financial incentives would apply to a GSHC (re)development effort.
  - Given the need for the GSHC to build additional RGI housing and redevelop some of their existing assets to realign the supply with current and projected demand, it was suggested that the CIP could take the GSHC into greater consideration. The CIP will dedicate public financial resources to the private sector to develop mixed income housing, however it is recommended that the GSHC also build new mixed-income projects (RGI, AMR, and Market). Given the high rental apartment vacancy rate in the City, a GSHC and private mixed-income project could compete with each other



and impact viability. Notwithstanding the positive intention of the CIP, it may be more efficient to direct financial and other resources to the GSHC revitalization effort, which could also achieve the objectives of the CIP. As the GSHC assets are City owned, directing these financial resources to publicly owned assets may be viewed more positively than providing capital to the private sector.

- CIP incentives could be stacked with other funding such as IAH funding.
- While individual projects will be assessed based on the approved criteria within the CIP, the CIP will apply City-wide.
- The development of Community Hubs has been identified as a Council priority. This need has been supported by the results of the population health analysis undertaken by the City. Community needs vary widely based on each neighbourhood's socioeconomic conditions.
- Depending on the criteria evaluated, New Sudbury, Donovan, Flour Mill, South End, and Chelmsford displayed the greatest need for services. New Sudbury was consistently the most in need of services that could be contained in a Community Hub.
- Funding for Community Hubs is not always available and are therefore challenging to implement. If the delivery of new social housing could also incorporate community hub space, it would be viewed favourably by staff and Council. As per consultation with service providers, the desire would be dedicated full-time occupation.
- Desegregating existing social housing sites with new mixed-income development should be pursued. This should be pursued either through new development, portable housing benefits, or other strategies.
- Portable Housing Benefits are an interesting way of supporting the housing objectives of the community. It would allow the GSHC to divest of high cost and low demand assets, as well as the long term capital and operating needs of these assets. There is also research indicating that there are significant social benefits to this approach.
- There was no clear consensus regarding where a new social housing development should be located, however New Sudbury and downtown were mentioned often.
- The GSHC could look at implementing second suites in their scattered and townhouse units, however there are many obstacles such as parking, structural challenges, access, fire proofing, separate HVAC that could influence the feasibility of this approach.



### 1.3 Consultation with Greater Sudbury Housing Corporation

- There has been a dramatic decrease in demand for two and three bedroom RGI units in the City between 2011 and 2017. The reasons for this trend is not well understood, as there are no clear quantitative or qualitative reasons as to why demand for these units would have measurably decreased over this time period. The Housing Services department at the City of Greater Sudbury will investigate if this is a qualification issue rather than a shift in demand.
- High-rise apartments are much more efficient than other units in the portfolio to operate. While scattered units are the most expensive to operate, low-rise apartments and townhome units are also expensive to operate relative to the high-rise units. High-rise units are less expensive to operate due to efficiencies gained of providing utilities in a single centralized system, SHRRP, SHIP, SHARP upgrades, and other energy retrofits, and the fact that the majority of these units are one-bedroom with smaller households that typically consume less energy.
- The portfolio currently has an unfunded capital need in excess of \$41 million, which will climb to a total capital need of over \$220 million by 2046 (excluding annual subsidy amount). Scattered homes have the lowest capital needs on a per unit basis currently and projected by 2046. Low-rise apartments will have the highest capital needs on a per unit basis currently and projected by 2046.
- Overall, the following properties were determined to be useful components of the GSHC portfolio and expected to meet current and projected demand. While capital repairs will be necessary at these properties, no other major revitalization effort should be prioritized through this study.
  - High-Rise Apartments: 720 Bruce, 166 Louis, 1920 Paris, 1052 Belfry, 1960(A)(B) Paris.
  - Low-Rise Apartments: 715 Burton, 1528 Kennedy, 3553 Montpelier, 240 B Street, 155 Lapointe, 27 Hanna, 35 Spruce.
  - Townhomes: 1200 Attlee, 1950 LaSalle, 241 Second Ave, 491 Camelot.
- The following properties were determined to require action(s) to address multiple issues identified by NBLC and the group. Revitalization strategies should be prioritized at these properties:
- **Cabot Park (High Priority):**
  - The townhomes and low-rise apartments at this project experience very little demand, with only 3 households waiting for the 20 apartment units and 2 households waiting



for the 68 townhomes. These units also experience very high turnover costs and are expensive to operate relative to the portfolio average.

- The site is underutilized and could accommodate significantly more units than the current yield of 88 units. At the same time, there is a significant concentration of social housing in this area of the City. Divesting of this asset and rebuilding elsewhere or possibly repurposing the stock (to market or retirement housing) could achieve the objective of desegregating social housing.
- The project has reached EOD and also does not owe any SHRRP grants, therefore presenting few obstacles for revitalization aside from maintaining RGI service level standards.
- Capital needs at this project are currently higher than the portfolio average (on a per unit basis) and will grow to around \$5.7 million by 2036.
- The appraised value of the townhome/semi-detached units is approximately \$150,000 (per home) as per a 2017 appraisal prepared for the GSHC in 2017. This compares with an appraised value of between \$185,000 and \$200,000 for the New Sudbury scattered single-family homes.
- The sale of these units was noted to be a positive outcome given the very weak tenant demand, poor shape/quality of the units, concentration of social housing around the property, significant capital cost avoidance, and most importantly the surprisingly high value of the homes relative to the other scattered units in the portfolio. The capital gained through this process can be used for revitalization and development efforts elsewhere.
- The sale of these units was noted to be a challenge due to the fact that the homes are not located on separate, transferable lots. As a result, a plan of subdivision will be required to create a lot for each home. It was unclear what the costs associated with the development of the plan of subdivision might be and planning issues involved. Follow up with City Planning Staff would be required to better understand the feasibility of this approach.
- Alternatively it could be possible to sell the units to College Boreal for student housing, or to another investor/rental operator interested in the current homes. This would avoid the need for a plan of subdivision.
- It was also suggested that it could be possible for the GSHC to repurpose the homes to student rentals at market rates. While this would improve the revenues collected by the GSHC, it would negate any capital that would have been gained through the sale



of these assets. The City would then have to fund the development of 88 RGI units (or rent supplements) at another location.

- Redeveloping the site as a senior's community was also suggested. However, similar to the above, this would require the replacement of all RGI units elsewhere in the City with no capital available through the sale of the units. It would also require the City to finance the upgrading of the housing to a standard that would attract seniors and continue to provide ongoing operating and capital funding.

▪ **All Scattered Units (High Priority):**

- These units are relatively popular amongst tenants (higher wait list than 2-4 bedroom apartments and townhomes) and have lower capital needs relative to other assets in the portfolio, which is partially due to significant SHRRP investments over the past decade. These homes also represent a mixed-income approach to social housing, as they are scattered throughout market residential neighbourhoods.
- However, these units are also very expensive to operate on an annual basis and do not match the core demand characteristics of tenants and the need for one-bedroom units.
- These units are the most marketable assets owned by the GSHC from a sale perspective and typically have sale values ranging from \$185,000 to \$200,000. Unlike Cabot Park, they do not contain the same site challenges (i.e. plan of subdivision), although some semi-detached homes may require severances.
- The sale of scattered homes is a common practice across the Province, as they are often viewed as “low hanging fruit”. Despite the positive features that the scattered units provide to the GSHC housing portfolio, they can provide a quick injection of capital for revitalization efforts. It is also likely that if these units are sold, households on the wait list will redistribute to the townhome projects in the GSHC portfolio. Revitalization efforts (renovation, design interventions, park space, etc.) can also further improve the demand for townhomes in the GSHC portfolio.
- Some of the scattered homes could be sold to existing tenants or other qualifying households through an affordable ownership program. There are several models to consider, the most basic being that the City offer down payment assistance (second mortgage) to qualifying purchasers. When the home is eventually sold by the home owner, the City is reimbursed through a repayment of the original loan plus a share of the gain in equity. This model allows existing tenants or other qualifying low-income household the opportunity to enter the home ownership market. It allows the City to provide assistance to these households, share in the long-term gain in equity of the real estate, and generate capital for revitalizing the social housing stock.





- Another option would be to implement the affordable ownership model described in the previous bullet, but also repurchase the home when the homeowner decides to sell in the future. This approach allows the City (and the purchaser) to earn some equity, assuming sale values increase between the purchase and sale date, and also ensure the homes remain affordable in perpetuity. When the home is purchased back by the City, the process begins again.
- Overall, it was agreed that homes would be sold incrementally at tenant turnover over a medium to long-term horizon. The program could also be accelerated through a relocation incentive program.

▪ **Rumball Terrace Townhomes (High Priority):**

- These townhomes are sandwiched between three high-rise social housing towers owned by the GSHC, which was the primary reason noted for the consistently low demand for these units. Currently there are only 3 households waiting for 42 units.
- The townhomes however are efficient to operate and have much lower expenses than the portfolio average. The capital needs of the property are currently lower than the portfolio average and will continue to be modest to 2036. The property also does not reach EOD until 2021.
- Action is required at this property to address the low demand experienced. The sale value of these units is likely to be low with very modest demand, which complicates the options available to the City and the GSHC. The points below highlight some of the options discussed.
- It could be possible to undertake significant renovations at these units to improve building conditions and the attractiveness of the project. It could also be possible to convert the townhomes to market rental units to increase the social mix on the large property – however these RGI units would have to be replaced elsewhere.
- Some of the townhomes could be demolished to create more park and amenity space on the site. This would provide an improved living environment for the families who live in the townhomes and apartment building at 1960(B) Paris. However, this would require the replacement of the lost RGI units without any gain in equity. Notwithstanding the previous point, this option could still be rationalized if we account for the capital cost avoidance of the units as well as improved operating considerations (e.g. lower turnover/move out costs and vacancy loss).



- It could also be possible to sever the townhome portion of the site and sell the land to a developer. While the site will have market challenges given the close proximity of high-rise RGI buildings, it is also well-located in the South End with waterfront views.

▪ **159 Louis Townhomes and Walk-Up Apartments (High Priority):**

- Demand is very low for these units, currently there are 10 households waiting for 31 townhomes and 3 households waiting for 96 walk-up apartments. The cost of operating these units is very high relative to other assets in the portfolio and unit turnover is also high. These units also have very high capital needs, exceeding \$21 million by 2036.
- These units are not popular for seniors due to accessibility issues associated with walk-up apartments and multi-storey townhomes.
- Given the high costs, high capital needs, and weak demand experienced at this project, action is required. However, these units are likely to experience modest demand and value from a disposition perspective, which limits the revitalization strategies to the options below, which were all discussed with the group.
- The site is strategically located next to the downtown, which would likely score high in terms of redevelopment potential from the City's perspective. This site could be a good redevelopment opportunity for a mixed-income building. This approach would revitalize the existing property and increase the population (with a broad mix of socioeconomic characteristics) in the downtown. However, the lack of capital dollars is a major barrier to moving forward with a revitalization strategy for the site.
- Building on the above, the site is large and centrally located and could accommodate social service providers, community amenity space, and/or a community hub opportunity.
- It was also suggested that some of the walk-up apartments could be converted to accommodate a social service provider.

▪ **1778 LaSalle Townhomes (Moderate Priority):**

- This townhome project is well located in New Sudbury and has frontage on LaSalle Boulevard. Demand is currently modest with 12 households waiting for 30 townhomes, however this is higher than the wait list at other townhome projects in the GSHC portfolio. The operating costs and capital needs of the portfolio are also very high relative to other assets in the portfolio.



- This property is of poorer quality than other assets in the GSHC portfolio, which is contributing to low demand. Strategic renovations could improve the attractiveness and desirability of the project.
  - On the other hand, this is a very well-located site that could likely be developed with a higher intensity of development. Redeveloping this property with more one-bedroom units would in all likelihood become the most popular offering in the GSHC portfolio.
  - While the site is a strong redevelopment opportunity, it is of a lower priority relative to the scattered units, Cabot Park, Rumball Terrace, and Louis Street in terms of immediate actions being needed.
- **744 Bruce Townhomes (Moderate Priority):**
  - The largest townhome project in the GSHC portfolio experiences weak demand, with only 12 households waiting for 150 townhomes. The costs of operating these units is expensive relative to other assets in the portfolio and there are considerable capital expenses required looking forward to 2036.
  - The site is well utilized and appears to be a useful component of the GSHC portfolio. However, actions are required to improve demand on the property. Suggestions included selling the scattered units, which would redirect demand for larger units to the townhomes, while also concurrently completing capital repairs and renovations of units to improve their attractiveness and quality. Other interventions such as incorporating greater green space, amenity space, and community facilities was suggested.
  - The units could also be sold, however similar to Cabot Park, a plan of subdivision would be necessary and the sale values would likely be modest. However, selling the site would deconcentrate the high density of social housing in the area and result in significant capital cost avoidance.
  - Given the large size of the property, it was suggested that interventions and other strategies to improve the existing conditions would likely be the best strategy, rather than attempting to sell or repurpose the property.

#### 1.4 Stakeholder Consultation at the Population Health Forum

The population health forum resulted in a small number of consistent high-level themes from session participants, which are summarized below:



- There is a need to expand the supply of housing across the entire spectrum – shelters, transitional housing, RGI, LEM, AMR, supportive housing, retirement communities, long term care facilities, and modest market housing in both rental and ownership tenure.
  - The existing market rental stock (LEM and market) in the city is largely in substandard conditions. Some felt that many of the units require upgrades to meet the current building code.
- There is a need to renovate and improve the quality of the existing social housing stock. Living conditions and dignity of social housing tenants should be a focus of the study.
- Social housing and social service delivery should be linked. Comments included:
  - “A roof over your head solves housing issue, but does not solve all issues of these individuals”
  - “Community health is broad and requires a holistic and comprehensive view of housing, mental and physical health, social services, human dignity and quality of life”
  - There is a need for easy access to case managers who provides tenant support.
- There is a need to address the accessibility issues with the current profile. There are a lot of walk-up apartments and single-family homes in the portfolio.
- Convert “housing” to “homes” which is associated with dignity, care, family, and intergenerational space.
- Offer mortgage and/or down payment assistance to help people move away from social housing.
- Desegregating the social housing stock must be a priority.
  - New development should focus on locations not currently dense with social housing and should incorporate a mix of incomes. Nobody should know you live in social housing based on your address alone.
  - Increasing portable housing benefits could also help with desegregation.
  - Build connections with adjacent neighbourhoods, offer spaces (e.g. community hub) that residents from other neighbourhoods could use to foster integration.
- Stabilize housing for families with changing situations (e.g. income change).
- Develop new affordable housing projects on surplus municipal sites.



- Suggestions for new housing developments:
  - Preferred location for new housing stock: close to transit, schools, retail and other commercial activities.
  - Urban design should promote inclusion and safety, refer to the “Crime Prevention through Environmental Design (CPTED) strategies”.
  - Include people in decision making, build elements that are priorities for people, which could be playgrounds, community event spaces, built form/housing size, etc.
- There is a need to improve tenant connection and feeling of belonging to their home and community through mixed-income developments. This can be achieved by:
  - Encouraging tenant associations.
  - Incorporating amenity space, parks, and community gardens in new developments or redeveloping older properties.
  - Providing shared/community space in new developments/existing properties that are open and available for all in the community, not just social housing tenants.
  - Improving building conditions in existing buildings through renovations and design interventions.
  - Offer tenants a living environment that encourages a greater sense of ownership and pride in their community. This could lead to lower turnover and lower maintenance/move out costs for the City.

The City of Greater Sudbury

# **Social Housing Revitalization Best Practices**

Background Report

N. BARRY LYON CONSULTANTS LIMITED

JULY 2018

# Social Housing Regeneration Best Practices Background Report

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*The conclusions contained within this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.*

*This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.*

## 1.0 Introduction

N. Barry Lyon Consultants Limited has been retained by the City of Greater Sudbury to develop a Social Housing Revitalization Plan, which aims to develop a range of strategies designed to revitalize and optimize the aging social housing stock.

The following background report provides an analysis of social housing revitalization efforts that have been undertaken by other service managers in Ontario. The purpose of this report is to inform the larger Revitalization Plan with respect to approaches that:

- have proven effective in other jurisdictions;
- illustrate tools and funding mechanisms to implement revitalization efforts;
- identify the parties involved that are instrumental to successful planning and implementation; and
- other high-level lessons to be learned from the experience of others across the Province.

The commentary found in this report has been prepared through research, interviews with service managers and housing corporations, and NBLC's direct experience. Our review is focused on service managers in Ontario and their local housing corporations (LHC) given the following:

- The Ontario service managers are all operating within the framework of the Housing Services Act, Residential Tenancies Act, etc.
- The Ontario service managers are exposed to the same periodical funding opportunities from senior levels of government.
- Many of the service managers have different types of housing in their service areas including the public housing stock (i.e. RGI units), non-profit housing, and co-op housing. The public housing stock is typically operated by the LHC, an agency owned by the service manager, or in certain areas this housing stock is directly owned and operated by the service manager.
- In some service areas, the portfolio of the LHC also includes non-profit and co-op housing due to transfers and/or amalgamations that occurred in the past.
- The age of social housing buildings across Ontario is largely similar, especially for those that were constructed under the same program (e.g. Public Housing, Provincial Reformed).
- The LHCs and service managers across Ontario also face similar issues. This includes a deteriorating housing stock, limited funding, growing wait list, stigmatized communities due to the concentration of marginalized population, misalignment between supply and demand due to demographic changes, and many other related concerns.

This case study analysis has been focused on revitalization efforts specific to the housing portfolio that is owned and managed directly by a service manager or by its LHC (rather than other non-profit and co-op housing providers). The public housing stock is owned by the local service



managers who therefore have direct authority over all key investment and management decisions, which is not the case for the other housing providers. Given the fact that this housing stock typically serves the most vulnerable population, and that these assets require significant public funding for both operations and capital maintenance/repairs, revitalizing this portfolio is a primary objective for many service managers across the Province.

With the considerations above, we have studied eight service managers in Ontario that have taken steps to revitalize their social housing stock. **Table 1** summarizes the portfolio size and makeup of each LHC. It also provides a few key indicators on local demographic and private housing market conditions that influence social housing revitalization efforts.

**Table 1**

Summary of Service Managers Studied (Ranked by # RGI)							
Service Manager	Local Housing Corporation			Local Housing Market Condition Indicators			Population Increase (2011-2016)
	Name	#RGI <sup>1</sup>	#Non-RGI <sup>1</sup>	Avg. Vacancy Rate <sup>2</sup> (2013-2017)	Avg. 2-Bed Rents <sup>2</sup> (2017)	Avg. Shelter Cost <sup>3</sup> (2016)	
City of Ottawa	Ottawa Community Housing Corporation	12,272	2,528	2.8%	\$1,234	\$444,589	5.8%
City of Hamilton	CityHousing Hamilton	5,800	1,300	3.5%	\$1,030	\$430,555	3.3%
Region of Peel	Peel Living	4,574	2,339	1.6%	\$1,318	\$618,409	6.5%
Windsor and Essex	Windsor Essex Community Housing Corporation	3,537	1,170	4.0%	\$860	\$204,510	3.0%
<b>City of Greater Sudbury</b>	<b>Greater Sudbury Housing Corporation</b>	<b>1,848</b>	<b>0</b>	<b>4.1%</b>	<b>\$1,058</b>	<b>\$218,109</b>	<b>1.7%</b>
County of Simcoe	Simcoe County Housing Corporation	1,315	79	2.4%	\$1,099	\$416,640	7.5%
York Region	Housing York Inc.	2,600		1.5%	\$1,340	\$871,831	7.5%
City of Kingston	Kingston & Frontenac Housing Corporation	966	127	2.1%	\$1,155	\$357,365	0.4%
City of Kawartha Lakes and Haliburton	Kawartha Lakes-Haliburton Housing Corporation (no staff, part of City)	467	210	1.3%	\$1,083	\$347,722	3.0%
1. Approximate and subject to change due to (re)developments and revitalization efforts. 2. Averages across the local private purpose-built rental apartment universe in the local area. 3. Dollar amount expected by the owner if the asset were to be sold according to 2016 Census. <i>Source: Canada Mortgage and Housing Corporation, Statistics Canada 2016 Census</i>							

Of the eight service managers studied:

- Four are high growth areas, including the City of Ottawa, Simcoe County, and the regional municipalities of Peel and York. Higher growth areas are often accompanied by high housing values and rents as well as low vacancy rates. These all create a favourable market condition for LHCs, who are typically rich in land but short on cash, to consider revitalization efforts. At the same time, these market characteristics also increase the need for affordable housing options.
- Three are moderate growth areas, including City of Hamilton, Windsor and Essex, and City of Kawartha Lakes and Haliburton.
- The City of Kingston is considered a lower growth area, however the market for higher density rental housing is relatively strong compared to other low growth areas.
- Unlike the Greater Sudbury Housing Corporation, none of the surveyed LHC's housing portfolio is 100% RGI.

## 2.0 Regeneration Case Studies

The following sub-sections summarize the revitalization efforts in the eight service areas evaluated. Chapter 4 of this report summarizes the key findings and strategies that are most relevant for the City of Greater Sudbury's consideration.

### 2.1 City of Ottawa

<b>Summary of key factors to success:</b>
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- Clearly defined revitalization objectives, supported by dedicated funding envelopes. These envelopes include capital programs that are funded directly by the City from its tax base to support affordable housing renewal and expansion.
- Strong relationship and collaboration between the City and the Housing Corporation.
- The City and Housing Corporation worked closely in aligning funding from various sources and managing redevelopment projects.
- The Housing Corporation improved their financial capacity through the sale of scattered units and implementing cost saving measures.
- The City also supported revitalization by supporting the refinancing of assets, extending subsidies, and waiving municipal fees for revitalization projects.

The City of Ottawa has about 16,500 RGI units in its service area. It is the sole shareholder of the Ottawa Community Housing Corporation (OCHC), which manages over 14,800 units. The OCHC's housing portfolio includes a mix of public housing (RGI) units (58% of total OCHC portfolio), Provincial Reformed units (18%), Municipal Non-Profit (7%) units, Federal projects (7%), and 'equity' stock (10%). In total, the OCHC is responsible for 12,272 RGI units, which is about 74% of the City's service level standard.

#### 2.1.1 OCHC Long Range Financial Strategy

In 2008, OCHC completed a Building Condition Assessment (BCA) on its entire housing stock. The BCA identified \$211.4 million in capital repairs classified as "past due and immediately required" and another \$121 million was identified for the five years to follow.

In 2013, the OCHC developed a Long Range Financial Strategy (LRFS) that identified key strategies to address the need to acquire sufficient funds to sustain operations, address current repair needs, and support further housing development. Key strategies were focused in the following areas:

- Sustain and pursue funding through a streamlined operating agreement, grants and other sources.

- The OCHC signed a new Operating Agreement with the City of Ottawa in 2009. Under the new Agreement, the calculation of subsidy funding for the Public Housing program was revised to a formula similar to the Provincial Reformed program. The new formula allows for both an operating and a capital reserve for the Public Housing program. This streamlined funding arrangement gives OCHC more predictable and stable funding and allows OCHC to better manage its operation on a portfolio basis.
- Develop a sustainable debt financing strategy to generate funding for capital repairs while maintaining affordable debt payments.
  - Between 2012 and 2017, OCHC refinanced a total of 43 properties, all of which were with Infrastructure Ontario (IO). This raised a total of \$108 million to be contributed to OCHC's Capital Fund to be used for capital repairs. Section 2.1.2 offers further detail on OCHC's refinancing.
- Leverage existing assets through asset rationalization (e.g. divestiture, intensification, and redevelopment).
  - The OCHC developed a Portfolio Management Framework to assist in divestiture decisions and the (re)development of the portfolio.
  - Between 2013 and 2017 a total of 45 properties were sold, which resulted in \$13 million that was subsequently invested into OCHC's Community Reinvestment Fund (CRF). The same number of RGI units are being replaced in newer, more efficient, and compact developments (discussed further in this subsection).
  - With the CRF, the OCHC has the capacity to align its own resources with the funding opportunities from senior level governments to engage in intensification, redevelopment, and RGI replacement.
- Control expenses and reduce costs through the implementation of the OCHC Green Plan, group purchasing, and other similar features.
  - A Green Reserve Fund was established that is dedicated to utility conservation programs.
  - Over 700 OCHC properties have been exempted from municipal and school property taxes for a minimum of 20 years, which will result in net savings of approximately \$3 million per year. The savings will be used for capital repairs.
  - A pilot program that uses the LEAN business improvement model was implemented in 2016 to refine the telephone service delivery for tenants. The model aims to identify instances of waste in the work process and uses performance measures throughout a project and afterwards to seek continuous improvement. The results of the pilot program indicated improved services and efficient operation, and OCHC is considering broadening the use of LEAN across the organization.

- Increase other revenue streams such as parking, laundry, renewable energy revenue, and commercial advertising.

### 2.1.2 *Mortgage Refinancing*

Following the BCA, which identified the backlog of capital repairs, there have been renovation and rehabilitation funding from the City (e.g. Housing and Poverty Reduction Program) and senior level governments (e.g. SHRRP) which helped address some of the backlog. However, the level of funding received has not been sufficient.

To generate capital that can be used towards the repair of the aging housing stock, OCHC proactively approached the City of Ottawa to refinance some of their assets. The City agreed to the approach provided the new monthly debt payment remained similar to the pre-existing debt payments.

As previously noted, OCHC's housing portfolio consists of a wide range of legacy housing programs. In their refinancing efforts, OCHC has been targeting the Provincial Reformed and Municipal Non-Profit projects because they were financed through short-term 'pooled' mortgages, as opposed to long-term debentures for Public Housing projects and long-term mortgages for federal projects. Refinancing these projects at renewal does not incur a mortgage penalty as other programs would. The Provincial Reform projects also collect higher rents than the public housing buildings, which allows greater debt financing capacity.

A total of 43 properties were refinanced between 2012 and 2017 with Infrastructure Ontario (IO). These projects were selected because the new monthly debt payment for their loan with IO is calculated to be the same as their previous mortgage payment, which fulfilled the City's requirement.

Compared to private lending institutions, IO provides long-term, fixed rate lending, designed to benefit public institutions like OCHC. IO offered an extended amortization period of 30 years at a fixed interest rate (varied between 3.27% and 4.45% depending on the project). This effectively eliminated the risk of fluctuations in interest associated with the original short-term mortgages at these projects.

For each of the refinanced projects, IO required the City of Ottawa to continue the current level of mortgage subsidy until the end of the loan. As per IO's requirement, the City of Ottawa will pay 360 equal monthly installments directly to the lender, and this payment will be deducted from the City's subsidy to the OCHC. The loans were secured by the City – not the real estate.

After subtracting the amount to payout the original mortgage, over \$108 million in net proceeds from refinancing 43 properties was contributed to OCHC's Capital Fund dedicated for repairs and upgrades.

### 2.1.3 *Intensification and Redevelopment*

While most of its efforts were focused on maintaining the existing buildings, OCHC has been creating new housing where it can, leveraging the funding opportunities made available by the City and senior levels of governments. At the City level, Ottawa offers two affordable housing capital funding programs:

- the Ten Year Housing and Homelessness Investment Program; and
- the Housing and Poverty Reduction Investment Program.

Both programs offer forgivable loans as capital assistance.

In 2015, OCHC established a Portfolio Management Framework (PMF) to guide decisions on maintenance, renewal, expansion, and divestiture of properties. It provides long term-direction for the portfolio and establishes targets and performance standards. The PMF included an evaluation of the OCHC stock, which identified properties that are best positioned for divestiture, retention, redevelopment and infill. The PMF has significantly assisted OCHC to position itself to respond to opportunities for potential growth and redevelopment.

The OCHC established a goal to replace 1% of their 15,000-unit portfolio each year, meaning disposing of 150 units and replacing 150 new units annually. Between 2013 and 2017, the OCHC has sold 45 properties, resulting in proceeds of \$12 to \$13 million that was contributed to OCHC's Community Reinvestment Fund (CRF), a funding envelope dedicated for developing new housing or services.

**Table 2** summarizes the OCHC's new developments and redevelopments in recent years, as well as their funding sources. The following are key observations from these developments:

- The majority of the projects are small in scale with under 30 units. These smaller projects are less demanding on upfront capital contributions and are easier and faster to get planning approval. Many of the new projects are stacked and traditional townhomes in response to a growing demand for affordable family sized units in the city.
- Most of the projects are infill developments built on OCHC's surplus lands or redevelopment of under-utilized OCHC properties, which results in savings on land cost.
- OCHC made significant contribution from its own reserve fund (CRF) for all projects. In addition to OCHC contributions, all of the projects have received capital contributions from other funding sources, including the Canada-Ontario Investment in Affordable Housing (IAH) program and the previously mentioned municipal capital programs. Affordable mortgages were obtained at some projects.
- In addition to capital forgivable loans, the City of Ottawa also offered exemptions for municipal development charges, planning fees, and parkland levies, and paid the school board charges for many projects.

Table 2

New Developments and Redevelopments by OCHC										
Address	Completion Year	Previous Use	New Use	Total Units	# RGI Units Replaced	# Units Increase	Total Cost (Mil \$)	Funding (Mil \$)	Funding Source	Notes
Carson's Road	2013	Vacant	Stacked Townhome	27	0	27	\$7.39	\$4.00	Ottawa's Ten Year Housing and Homeless Investment Plan	City also exempted municipal DC, planning fees, parkland levies, and paid the school board charges (Total City Contribution: \$4.2 million)
								\$3.40	OCHC's reserve fund and mortgage financing	
454-456 Old St. Patrick	2014	OCHC Duplex	Stacked Townhome	10	2	8	\$2.88	\$1.20	Ottawa's Ten Year Housing and Homeless Investment Plan	Replaced a duplex with a 10-unit stacked townhome project targeting families.
								\$1.68	OCHC's reserve fund	
Hayley Court	2016	OCHC Townhome	Stacked Townhome	16	14	2	\$4.80	\$0.93	Insurer	The old housing was damaged by fire. New development was constructed on the foundation of existing structure.
								\$3.87	OCHC's Capital Reserve	
Michele Heights	2016	Vacant	Townhomes	6	0	6	\$2.25	\$0.80	Canada-Ontario Investment in Affordable Housing (IAH)	Infill development in the existing Michele Heights Community. Family sized homes.
								\$1.45	OCHC's Community Reinvestment Fund	
3225 Uplands Drive	2018 (est.)	Vacant	Townhome and Triplex	16	0	16	\$4.90	\$2.40	Canada-Ontario Investment in Affordable Housing (IAH)	Infill development to create 16 family units.
								\$2.60	OCHC's Community Reinvestment Fund	
Rochester Heights	2020 (est.)	OCHC Townhome	Apartment	148	26	122	\$40.80	\$11.00	Canada-Ontario Investment in Affordable Housing (IAH)	Replace 26 townhomes with an 8-storey apartment building with a mix of dwelling sizes. OCHC's first net-zero building with a bank of solar panels.
								\$12.5-\$14.0	OCHC's Community Reinvestment Fund	
								\$12.8-\$14.3	Affordable Mortgage	
Carlington Community Health Club	2020 (est.)	Surface Parking	Apartment	42	0	42	\$18.00	\$4.60	Canada-Ontario Investment in Affordable Housing (IAH)	JV with CCHC to expand the existing health clinic and build 42 seniors housing units, integrating primary medical care and support services under one roof.
								\$5.10	OCHC's Community Reinvestment Fund	
								\$8.00	Carlington Community Health Centre (CCHC)	
Gladstone Village	-	Canada Lands Company property	Mixed Use Community	-	-	-	\$7.10	\$3.55	OCHC's Community Reinvestment Fund	OCHC purchased the 7.26-acre site in 2017 for \$7.1 million. It will partner with the City and CEPEO (French Public School) to build a mixed-income community with subsidized, affordable, and market housing, a French-language school, commercial uses and open space.
								\$3.55	OCHC Line of Credit borrowing	

Source: Ottawa Community Housing Corporation

- Most of the projects are strategically located in neighbourhoods where a mix of services and public infrastructure are available.
- All projects have enhanced accessibility and integrated energy efficient features.

#### 2.1.4 *Green Initiatives*

In 2010, OCHC made it a strategic priority to improve its sustainable practices and established a Green Fund Reserve to support specific operational or capital expenditures that increase the environmental sustainability of the Corporation. The Green Fund Reserve is replenished by energy grants (e.g. EcoENERGY Retrofit and Ontario Homes Energy Savings Program, SHRRP), rebates and incentives, net savings generated from previous sustainability projects (where monitoring is possible), and new income generated by sustainability projects (i.e. sale of energy).

Shortly after, OCHC launched the Green Plan that identified projects focusing on renewable energy and utility savings. In 2014, it was reported that an annual saving of over \$3.5 million was achieved through implementing numerous energy saving projects, including:

- Installing solar photovoltaic panels in 35 different communities. This has generated excess electricity and became a revenue source for OCHC.
- Retrofitting plumbing and replacing toilets, shower heads and aerators in all 15,000 OCHC homes, which reduced water consumption by 40% across the portfolio.
- A heating energy management system pilot that reduced heat consumption by 31%.
  - One of the biggest energy efficiency challenge is the large number of centrally heated high-rise buildings where OCHC is responsible for all heating costs. In 2013, three OCHC high-rises were identified for a pilot using an innovative Canadian technology that provides apartments with sufficient heat without excess capacity. With the support of Hydro Ottawa and Enbridge, OCHC will recover approximately 50% of the retrofit costs. OCHC has projected the annual utility savings from these three buildings at \$55,000 and a resulting payback period of 3 to 4 years. This system is expected to be rolled out to all electrically heated buildings.
- Weatherization and air sealing: OCHC participated in Enbridge's "Home Winterproofing Program" and partnered with EnviroCentre in retrofitting uninsulated basements of over 800 townhomes, which has resulted in significant natural gas savings.

In the five years of implementing the Green Plan, comprehensive energy retrofits to the existing housing stock were completed that generated significant savings for the OCHC. The Corporation reported that incentive and rebate programs available from utility providers and their partners have been a key enabler of implementing the organization's Green Plan. In 2016, the OCHC approved a new green strategy, the ECO<sup>2</sup> Plan, which shifts the priority for the next five years to sustainable design, construction and management of the portfolio, tenant and staff education, and engagement in waste diversion.



## 2.2 City of Hamilton

<b>Summary of key factors to success:</b>
---

- The City has funded capital programs to support housing renewal and expansion. Within these capital programs, a sizeable portion of the available funds are directed specifically to the Housing Corporation.
- The Housing Corporation improved their financial capacity through the sale of scattered units and implementing cost saving measures.
- The Housing Corporation and the City work closely to identify and plan for revitalization efforts.
- The Housing Corporation prioritized revitalization projects that support other urban renewal initiatives in the City, which allows Council to achieve multiple objectives with funding commitments.
- New developments are designed with a more self-sustaining operating model by offering different levels of affordability, which also improves social outcomes.

The City of Hamilton has approximately 14,000 social housing units in its service area. Nearly half of the units are managed by the LHC, CityHousing Hamilton (CHH). The CHH has a diverse housing portfolio with approximately 7,100 housing units, of which about 5,800 (82%) are RGI units and the remaining are affordable or market rent units.

### 2.2.1 City of Hamilton Capital Investment Programs

The housing market in the City of Hamilton has experienced rapid change in the past several years due to increasing home prices and rental rates as well as a decreasing rental apartment vacancy rate. In response to eroding affordability and a growing social housing wait list, the City of Hamilton has bolstered its investment in affordable housing:

- In January 2016, Council approved \$3 million for social housing repairs and regeneration. \$1.5 million went to CHH and \$1.5 million to the other 42 social housing providers. This funding was specifically targeted for rehabilitating vacant units, preserving units at risk of becoming inhabitable, and/or addressing conditions that posed a serious health and safety issue.
- As part of the 2016 budget, the City of Hamilton also approved the new Hamilton Housing Allowance Program. This annual commitment of \$1.1 million will be used for the establishment of a portable rent subsidy program.
- In its 10-year Tax Supported Capital Program (2017-2026), the City made capital investments in rehabilitation programs of its existing assets, which included social housing.

- In 2017, the City of Hamilton committed \$50 million over 10 years to housing through the Poverty Reduction Investment Plan. This funding was sourced from the following:
  - \$20 million by extending the payback term (from 2031 to 2036) for existing city loans from the Hamilton Future Fund.
  - In 2002, the City of Hamilton sold Hamilton Hydro for \$137 million. The proceeds were used to create the Hamilton Future Fund, which provides funding for various City and community organizations, projects, and initiatives.
  - \$30 million at \$3 million per year for 10 years derived from dividends resulting from the merger of Horizontal Utilities Corporation and other local utilities into the new entity known as Alectra.
- According to the approved 10-year spending plan for the Poverty Reduction Investment Fund:
  - \$20 million is allocated for upgrading and improving the quality of social housing over 10 years, of which \$10 million will be directed to the CHH;
  - \$20 million over the first five years is allocated to address the supply of new affordable rental housing; and,
  - \$10 million over the next ten years for indigenous housing and poverty reduction services.

### 2.2.2 *Recent Changes to CityHousing Hamilton Subsidy and Operations*

In the past five years, there were a few changes to the subsidy and operation arrangement between the CHH and its service manager, the City of Hamilton, which offered more predictability and stability between the two parties and simplified the funding procedures to some extent. This involved:

- **Revised Funding Formula:** In 2012, the City of Hamilton entered into an Operating Agreement with CHH that streamlined the calculation of subsidy for Public Housing projects with Provincial Reformed projects. With this new formula, revenue and expenses are benchmarked by the Province under the Housing Service Act, 2011. The new formula allows for a more stable and predictable subsidy for CHH. It also supports multi-year planning by CHH, which is critical in effective asset management practices.
- **Property Tax Exemption:** From 2017, the subsidized properties in CHH are exempt from paying property taxes. The City of Hamilton does not need to flow property tax related subsidy for subsidized portfolios, however the CHH still has to pay on the market portfolios.
- **Multi-year Budgeting:** In 2018, CHH participated in the City's new multi-year budgeting initiative, though this is not a requirement for CHH. A Multi-Year Business Plan was completed by CHH that identifies the major capital initiatives, how they align with the

City's Strategic Plan priorities, and what funding sources are anticipated. Operating budgets are still approved on an annual basis, however a three-year forecast in addition to the current budget year now accompanies the annual budget.

### 2.2.3 *CityHousing Hamilton Social Housing Regeneration*

The CHH is currently in the early stage of revitalizing its social housing portfolio through extensive retrofit of existing assets, new development that replaces sold units, and creation of net new units. The revitalization intends to create a more sustainable social housing portfolio that meets the needs of residents. The CHH seeks to address the unfunded capital repairs issue, reconfigure the portfolio (e.g. facilitate income mixing), and realign the housing supply with current demand.

At the time of this study (May 2018), CHH is actively engaged in the following projects:

- Sale of single- and semi-detached properties.
- Redevelopment of West Harbour CHH properties.
- Creating an Asset Management Strategy.

### **Scattered Units Disposal**

The CHH owns 479 single- and semi-detached homes scattered throughout the City. From 2003 to 2012, the CHH sold 88 such homes, which generated \$11.7 million. About \$10.1 million of the proceeds was reinvested in developing a 50-unit apartment building and a 14-unit stacked townhome project. To maintain the Service Level Standards, 24 units were replaced through rent supplements.

In 2017, CityHousing Hamilton received approval to sell another 100 single- and semi-detached homes. At the time of approval, 47 of these homes were vacant and ready for sale. The market value of these homes is estimated to be \$14 million. In the rationale to justify the disposal, it was mentioned that these properties cost CHH an average of \$25,000 per home just to provide basic repairs and maintenance, which is much higher than the maintenance of townhomes and apartments.

The proceeds from the scattered home disposal will contribute to the Sold Units Investment Fund Reserve, which was established to support the future development of new units. The development of new units are anticipated to be higher density and will be more cost effective from an operations perspective. This includes the building of RGI replacement units to sustain the Service Level Standards.

Between October 2017 and March 2018, the City has sold an additional 26 scattered homes, which brought in approximately \$8.3 million in revenue, with an average sale price of \$320,500.

### **Redevelopment of West Harbour CHH Properties**

CHH has two properties in the West Harbour area, including the Jamesville townhome complex with 91 units and 500 MacNab, a 17–storey building with 146 units, most of which are bachelor apartments. Both projects are in need of redevelopment or deep renovations as they have been suffering deteriorating building and unit conditions and high crime rates. Redeveloping these properties also aligns with the City’s West Harbour Community Redevelopment Initiative, which makes them a priority for revitalization.

- The 500 MacNab building is planned to be completely retrofitted to the Passive House Standard. CHH’s business case has already been vetted and recommended for investment by CMHC as a potential funder under the CMHC Affordable Rental Innovation Fund which could provide up to \$50,000 per unit through a mixture of grant and loan. More detail on financing/funding considerations is provided later in this section.
- The 91-unit Jamesville townhome complex is not popular with tenants and in need of significant capital investment which has driven the recommendation to revitalize the site. Given the improving real estate market in the City, CHH is seeking a developer who will redevelop a mixed income community using revenue from market housing to subsidize RGI units. The RGI units would revert back to CHH management once the development is complete. A Request for Expressions of Interest (RFEOI) was issued in May 2017 and we understand that a formal Request for Proposals (RFP) will be issued in early 2019, with the selection of a preferred developer by the end of 2019.

### **Creating an Asset Management Strategy**

CHH is currently updating its Building Condition Assessments (BCAs). New information from this update, along with other basic building data, will be inputted into an asset planning software. This will be used to inform the development of an Asset Management Strategy, which will guide the approach CHH takes to reinvestment, divestment, reconfiguration, and growth of the CHH portfolio through a broad lens of social and financial strategies.

### **Replacement of RGI units and Financing**

With the approved sale of 100 scattered units and the 91 townhomes to be demolished in Jamesville, a total of 191 RGI units will need to be replaced. The development of replacement units, along with the deep retrofit of 500 MacNab, requires significant equity contributions as well as debt financing. To avoid a heavy reliance on City subsidies, which is a key issue that CHH experiences currently, CHH has the following strategic considerations to guide project planning:

- Develop a financial model for each building to ensure self-sustainability and overall financial health of the portfolio.
- Incorporate market units into RGI replacement developments to increase the spectrum of affordability provided and facilitate income mixing.

- Set all market rents to 100% AMR, to ensure they are providing adequate cash flow to the portfolio while still providing affordability.
- Construction of cost-effective buildings that allow for lower operating costs but high quality features.

To date, CHH has five projects in the pre-development phase, including 500 MacNab and four new projects containing replacement units. Each project has had financial modelling completed to arrive at the optimal debt-to-equity ratios. At these ratios, each project will be self-sustaining (under the condition that existing RGI subsidy continues) and requires no additional tax levy. For the four new projects, three are planned on vacant properties donated by the City of Hamilton, and one is planned on a site CHH purchased with funding from Sold Unit Fund Reserve.

**Table 3** summarizes each of the five proposals. In total, the four new developments contain 146 RGI replacement units as well as 45 units at 100% AMR. The proposed new projects are all small in scale ranging from 20 to 65 units.

**Table 3**

CityHousing Hamilton Retrofit/Rebuild Plan						
Project	Units				Project Cost	Debt to Equity Ratio
	Total	Retrofit	RGI Replacement	Net New		
Retrofit						
500 MacNab	146	146			\$ 15,650,000	62:38
New Development on CHH Purchased Land						
55 Queenston Road	41		41		\$ 10,120,000	0:100
New Development on City Donated Land						
104-106 Bay St. N	65		46	19	\$ 17,066,000	50:50
253 King William St.	20		14	6	\$ 5,520,000	30:70
701 Upper Sherman Ave.	65		45	20	\$ 14,950,000	31:69
Total/Avg.	337	146	146	45	\$63,306,000	39:61
Source: CityHousing Hamilton Development Strategy Update						

The five projects are estimated to cost around \$63.3 million in total. Based on the debt-to-equity ratios developed for each project, they need a total of \$38.6 million capital contribution and require the City to take on \$24.6 million in debt (by guaranteeing the debt with the lender).

- The equity contribution is expected to come from the Sold Unit Fund, the City's new \$50 million Poverty Reduction Investment Fund, annual capital budget, block funding, development charges, and refinancing of market properties.
- Table 4 summarizes CHH's estimate of capital contribution from each source. It is estimated that approximately \$49 million in capital will be available over a 7 year period to fund redevelopment work, along with over \$3 million in potential refinancing opportunities.

Table 4

Source of Capital Contribution						
Year	Sold Unit Fund	Annual Capital Allocation	Development Charges	Block Funding	City of Hamilton Poverty Reduction Fund	Refinancing of Market Properties
2016-17	\$1,300,000	\$1,800,000	\$800,000		\$1,000,000	\$2,100,000
2018	\$7,000,000	\$1,000,000	\$800,000		\$1,000,000	\$1,200,000
2019	\$7,000,000	\$1,100,000	\$800,000	\$500,000	\$1,000,000	
2020	\$7,000,000	\$900,000		\$500,000	\$1,000,000	
2021	\$7,000,000	\$1,000,000		\$500,000	\$1,000,000	
2022		\$1,000,000		\$500,000	\$1,000,000	
2023		\$1,000,000		\$500,000	\$1,000,000	
<b>Total</b>	<b>\$29,300,000</b>	<b>\$7,800,000</b>	<b>\$2,400,000</b>	<b>\$2,500,000</b>	<b>\$7,000,000</b>	<b>\$3,300,000</b>
Source: CityHousing Hamilton Development Strategy Update						

- Of note, about \$29.3 million (60%) out of the \$49 million identified funding comes from the CHH's own Sold Unit Reserve Fund. Additionally, the remaining capital contributions are all from CHH and the City of Hamilton. CHH will still actively pursue funding from senior levels of government such as IAH to complement its identified equity sources or lower the debt requirement, but it recognizes that such funding is made available only periodically and successful acquisition of this funding is not predictable.
- Infrastructure Ontario has been identified as the primary source of debt financing for each project, however other sources will also be considered if they offer enhanced value. The City of Hamilton has been supportive in sourcing the low cost, 35-year financing from IO by guaranteeing the debt – even if the proposed projects are able to cover the debt servicing requirements through internal operating cash flow. It is estimated that the \$24.6 million debt will result in an annual payment of between \$1.2 and \$1.6 million.
- The efficiency of these social housing developments will result lower operating subsidy requirements from the City. However, we understand that the City continues to provide a new CHH development the same operating subsidy as the older replaced stock. This funding, in addition to the increased revenues of incorporating market units, will allow a new building to have greater debt servicing capacity as well as a capital reserve (subject to the debt to equity ratio). This approach results in a revitalized and financially sustainable housing stock while maintaining existing subsidy commitments.

## 2.3 City of Kingston

### Summary of key factors to success:

- City Council specifically identified affordable housing as a priority in their strategic plan, with a focus on renewing the Rideau Heights RGI community.
- The City created capital programs to support housing renewal and expansion. These capital programs include annual contributions from the tax base.
- The Housing Corporation prioritized revitalization projects that support multiple urban renewal and social objectives in the City.
- Strong relationship and collaboration between the City and the Housing Corporation.
- The City and Housing Corporation work closely in aligning funding from various sources and managing redevelopment projects.
- New developments are designed with a more self-sustaining operating model by offering different levels of affordability, which is also subject to up-front capital funding.
- The City supports revitalization by offering a guarantee for debt financing and extending current subsidies.
- The City has been creative in using cash-in-lieu of parkland funds to support revitalization efforts.

The City of Kingston is the service manager for the City of Kingston, the Townships of Central Frontenac, Frontenac Islands, North Frontenac, and South Frontenac. It has a legislated service level standard of 2,003 RGI units. Of these units, about half, or 966 units, are managed and owned by the Kingston & Frontenac Housing Corporation (KFHC).

#### 2.3.1 Background of Rideau Heights Redevelopment

In its 2011-2014 Strategic Plan, the City of Kingston made it a priority to invest in affordable housing. The Plan specifically called for a community renewal plan for the KFHC owned Rideau Heights neighbourhood. This neighbourhood was identified for renewal for the following reasons:

- The Rideau Heights neighbourhood is identified as the most challenged area of the City from the perspective of a variety of socio-economic indicators. It is an important part of the city's north end revitalization initiative.
- The public housing stock in Rideau Heights is noticeably different from other public housing sites in the City. The buildings have higher operating cost on a per unit basis, greater tenant behavioural issues, higher vacancy rate, low demand from tenants as reflected through the central waitlist data, higher turnover rate/cost, and more service calls from police.



- Over half of the KFHC's RGI units are concentrated in the Rideau Heights neighbourhood. Common to public housing communities built in the early 1960s, these projects feature a concentration of households experiencing severe poverty.
- Outdated community design and circulation/accessibility patterns also foster segregation and isolation from the surrounding community, which does not support passive surveillance.

In 2012, the Kingston City Council approved two capital programs for the development of affordable housing:

- Land Acquisition and Disposition Program:

Council made a five-year commitment to invest \$1 million per year, within the City's annual capital budget, into the Land Acquisition and Disposition Program. This \$5-million funding program is established to secure strategic sites within the City with the intent of disposing of the properties, at a discounted price, for affordable housing developments.

- Affordable Housing Capital Investment Program:

Council made a five-year commitment to invest \$1 million per year, within the City's annual capital budget, into the Affordable Housing Capital Investment Program. This funding was established to facilitate and encourage the construction of affordable housing units. Funding under this program is made available in the form of a forgivable loan, offered at a maximum of \$50,000 per affordable housing unit for an affordable period of a minimum of 15 years. Higher levels of funding (\$140,000 to \$150,000) have been provided if a project provides a greater depth of affordability.

These two capital funding programs were later used as funding tools to realize some of the Rideau Heights regeneration objectives. Of the two, the City's annual \$1 million contribution to the Affordable Housing Capital Investment fund was renewed after its initial five years, and it is council's intention to continue the annual contribution and encourage housing construction until the rental vacancy rate in the City reaches a healthy level of 3% (it was as tight as 0.7% in 2017).

In spring 2013, the City of Kingston, in partnership with the KFHC, assembled a consultant team to develop a regeneration strategy for the Rideau Heights community. In November 2015, the Rideau Heights Regeneration Strategy was presented and endorsed by Council. The 25-year regeneration plan included a few key objectives and strategies:

- Improve public safety and community desirability through:
  - Redesigning road networks to improve accessibility and passive surveillance; and,
  - Enhance park spaces and community facilities to support improved usage.
- Facilitate a greater income mix in Rideau Heights through:
  - Reducing a minimum of 100 RGI units in the neighbourhood (to be replaced elsewhere in the City); and,



- Introducing market rental and ownership housing to be developed and sold/rented within the private sector.
- Diversify KFHC revenue sources through:
  - Selling social housing lands to accommodate market housing and parkland; and,
  - Developing KFHC market rental townhome and apartment units.
- Rehabilitate and enhance energy efficiencies of retained social housing units through ongoing capital improvements.

### 2.3.2 Phase One Regeneration

The regeneration plan recognizes that significant improvement to the community at early stages is necessary to change the negative perceptions of the neighbourhood and attract market housing in subsequent phases. In 2013, City Council approved \$12.5 million in the capital budget to redevelop the largest community open space, Shannon Park, and construct a new community centre that marked the start of the implementation of the first phase.

The redevelopment of Shannon Park aims to solve the personal safety and security issues associated with the park due to its design. The redevelopment involved opening up dead ends and increasing passive surveillance and visibility into the park. To achieve this, a 30-unit KFHC RGI townhome complex was demolished in 2015, and KFHC received \$0.5 million from the City as compensation for the loss of their asset, a value determined by KFHC's appraiser. This compensation was funded by the City's Cash-in-Lieu of Parkland Reserve Fund.



There were additional reasons to decommission the 30 RGI townhomes besides making way for the new Shannon Park:

- 1) It addressed operational and financial challenges associated with the age and condition of the buildings;
- 2) Eligible applicants on the Centralized Waiting List for RGI housing tend not to select this location as a preferred place of residence. The annual turnover rate is also substantially higher than other RGI properties; and,
- 3) It was supported by the residents in the Rideau Heights neighbourhood.

To maintain the legislated Service Level Standard, the City of Kingston and KFHC have been working in collaboration to replace the 30 demolished RGI units strategically:

- In 2015, the KFHC proposed to construct a 4-storey wood-frame apartment building at 40 Cliff Crescent, a parcel owned by KFHC closer to downtown.
  - The proposed building contains 29 units, including 13 market rental units, 6 affordable units (80% AMR), and 10 RGI units that are counted as part of the replacement units of the demolished RGI units at Rideau Heights.
  - To finance this project, the City of Kingston allocated a \$1,797,966 capital contribution, including \$697,966 from the Canada-Ontario Investment in Affordable Housing (IAH) program for the 6 affordable units and \$1.1 million from the City's Affordable Housing Capital Investment Program for the 10 RGI units. The remaining project costs, estimated to be 50% of total cost, was debt financed by KFHC with Infrastructure Ontario, using the cash flow generated by the mixed-income approach. Notwithstanding the project's ability to cover debt servicing, IO required the City of Kingston to guarantee the loan for KFHC over the 20-year term.
  - The building was completed in March 2017. With the large upfront capital contribution, the project is self-sustaining and generates approximately \$500 per unit per year for a reserve fund.
- In 2016, the KFHC proposed to construct a 3-storey apartment building at 645 Brock Street, a former catholic school site purchased by the City of Kingston under the aforementioned Land Acquisition and Disposition Program. The parcel was then sold to KFHC at 75% of the land price to facilitate affordable housing construction.
  - The proposed building contains 29 units, including 9 market rental units, 10 affordable units (80% AMR), and 10 RGI units that will be counted as part of the replacement of the demolished RGI units in Rideau Heights.
  - The project was awarded \$1.34 million capital contribution from the Federal-Provincial Funding for the 10 affordable units and \$1.16 million from the City's Affordable Housing Capital Investment Program for the 10 RGI units.

- In 2018, the City of Kingston sold a parcel at 7 Wright Crescent, which it purchased in 2012 under the Land Acquisition and Disposition Program, to Town Homes Kingston (a non-profit organization) and CJM Property Management for the purpose of an affordable housing development.
  - The Land Acquisition and Disposition Program requires a total of 35 affordable units at 80% AMR for 25 years. The proponent has subsequently been granted a total of \$1.2 million in capital funding to deepen affordability. Of the \$1.2 million, \$786,812 come from the Canada-Ontario IAH program, and the balance are from the municipal Capital Investment in Affordable Housing Program.
  - With the significant upfront capital contribution, the development proposal includes a total of 95 units, including 47 market rental units, 28 units at 80% AMR, 10 at 60% AMR, and 10 RGI units which will be counted as part of the replacement units of the demolished RGI units in Rideau Heights.
  - The owner, which is a local non-profit housing provider, will also receive ongoing RGI subsidy from the service manager for the 10 RGI units.

In total, the City committed over \$5.50 million in capital contributions<sup>1</sup> for the three projects noted in this case study, including about \$2.83 million from the Canada-Ontario IAH Program and the remaining \$2.67 million coming from the City's own Affordable Housing Capital Investment Program. In total, this will bring 153 new rental units to the City of Kingston, including 69 market rental units, 54 affordable units (60%-80% AMR), and 30 RGI replacement units, owned and managed by KFHC and a non-profit housing provider.

City staff highlighted a few key factors / conditions that contributed to the progress that has been made so far:

- The collaboration between the service manager and housing providers, especially the KFHC, was crucial to successful and timely project delivery. In Kingston's experience, the service manager has made RGI unit replacement a priority. The service manager has worked closely with housing providers, tracked/monitored the schedule of their projects, created municipally funded affordable housing capital programs, aligned and allocated the federal-provincial funding and municipal funding to these projects, and supported their debt financing in some cases.
- The service manager determined that the KFHC should be prioritized as the recipient for IAH funding to help deliver new affordable housing and revitalize the existing housing stock due to the following:

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<sup>1</sup> This does not include the contribution made through the Land Acquisition and Distribution Program under which the city acquires parcels and disposes at 75% of the purchase price.

- With stronger personnel in property management, finance, and project management, the KFHC has better capacity and is more experienced to take on a new development compared to many smaller housing providers.
- It is KFHC's mandate to deliver affordable housing programs that naturally guarantees a higher level of commitment to maintain the responsibilities specified by the funding requirement. It is also easier for the service manager, which is the sole shareholder of KFHC, to manage the new housing stock and funding over time.
- Similarly, this funding facilitates the revitalization of the aging housing stock, which the service manager owns through the KFHC.
- The rental vacancy rate in the City has been very tight in the past decade, creating a favourable, lower risk environment for introducing additional market rental and affordable rental units. To a non-profit housing provider such as the KFHC, this represents a revenue stream that could be utilized to improve the viability of a mixed income project.
- Income mixing has been a guiding consideration during the Rideau Heights revitalization planning, which is to counter the concentration of RGI units that contributed to the social issues observed in Rideau Heights.
- Introduce small projects compared to larger projects, as it is easier for smaller projects to receive planning approval, they require less upfront capital contribution, and they involve less risk to lease up from a market perspective.

### 2.3.3 *Phase Two Regeneration*

The first phase of Rideau Heights redevelopment is expected to conclude in winter 2018 with the completion of a new community centre, a library, and Shannon Park improvements. This report is written at the start of the second phase, which includes new public roads, redevelopment of the Headway Park, new KFHC housing, and market housing. Its implementation requires the participation of the following partners:

- The City will fund the new public roads, related infrastructure (e.g. street lights) and the redevelopment of the Headway Park;
- KFHC will fund its new affordable and market housing. The housing corporation undertook a business plan to ensure funding opportunities are explored fully and that its future capital planning aligns with the Rideau Heights Regeneration Phasing Strategy. Potential funding sources include:
  - Strategic redirection of KFHC's annual capital maintenance subsidy budget.
  - Redirection of savings realized by new, more efficient and less costly units.
  - Leverage KFHC's existing building equity where mortgages or debentures have been paid in full.
  - Consideration of the sale of assets, including existing scattered units.

- Review of alternative options for redevelopment such as rent supplements with other landlords.
- Funding for the development of the market housing components will be the responsibility of the selected private developer. Preliminary market analysis for the area indicates that there could be market demand for relatively affordable ground-oriented homes (e.g. semi-detached and townhomes) for first-time buyers. The low vacancy rate and a lack of quality new rental housing in the city also offers a favourable environment for new market rental. The City consulted local private developers who have indicated interests in developing in Rideau Heights.
- The regeneration strategy states that the full realization of the plan requires funding support from senior levels of government, who led the creation of the social housing units currently in Rideau Heights. To that end the City acquired consultants to conduct a total cost estimate for implementing the strategy in full. It is expected the adoption of the plan and the detail costing of the overall project should assist in building a case for requesting funding from senior government.

## 2.4 Region of Peel

### Summary of key factors to success:

- The Region funds capital programs from the tax base and other sources (e.g. development charges) to support housing renewal and expansion, with a sizable portion directed to Peel Living (LHC).
- Municipally funded capital programs are directed towards reducing the Centralized Wait List and renewing the existing housing portfolio.
- The Region reviewed its real property assets to identify surplus properties that would be appropriate for affordable housing.
- The Housing Corporation continuously seeks to find efficiencies to improve financial well-being.
- The Housing Corporation and the City work closely to identify renewal opportunities, development sites, private partnerships, and funding availability.

The Region of Peel has over 15,000 units of social housing located across the Region. In recent years the Region experienced high population growth and housing prices have also increased rapidly. In response, the Region has been investing in affordable housing: between 2003 and 2015, the Region facilitated the construction of 11 affordable housing projects in partnership with its housing corporation and other housing providers, which resulted in a total of 1,361 new affordable housing units. These projects represent a total capital cost of \$268.4 million, of which \$128.4 million (48%) came from the Provincial/Federal funding (AHP) and Provincial infrastructure funding, and the remaining came from Regional funding (\$43.6 million), Regional borrowing (\$77.5 million), and partner funding (\$19.0 million).

In 2014, the Region introduced a Housing System Investment Framework (2014-2018) which had a total of \$126.2 million upon establishment to support development projects and programs along the housing continuum. The funding is a pool with sources including the IAH (\$63.2 million), Development Charges Funding (\$36 million), and Peel Reserve Funds (\$27 million).

In 2016, the Framework was realigned to focus priority on projects/programs that address the Centralized Waiting List (CWL), with \$98.4 million allocated to support affordable rental development. Other new funding sources were added to the pool and included the new Social Infrastructure Fund (\$25 million), New General Working Fund (\$50 million), and an additional \$9 million annually of Regional funds derived from directing the remaining tax room generated from the Ontario Works benefits upload.

The framework also contains a series of complementary support programs to increase affordable housing options, including:



- Affordable Housing Capacity Building program that offers a small grant to facilitate affordable housing/regeneration efforts (e.g. fees for consultants, architects etc.);
- Acquisition of new condominium units and/or rental units in existing buildings; and,
- Land purchase of surplus school sites for affordable housing development.

To identify further opportunities on land cost saving, the Region of Peel also reviewed the 272 real property assets it owns to identify potential assets for affordable housing development.

#### *2.4.1 Peel Living Housing Projects*

Peel Living is the Region's non-profit housing corporation and it operates 4,574 RGI units and 2,339 market units.

As part of the Region's Housing System Investment Framework, a notional allocation of \$32 million of the Framework funding was directed to the Peel Living to support regeneration projects on existing land and/or the creation of new affordable housing units for applicants from the CWL. The Region set a target for this funding to create a minimum of 100 new units. By 2018, Peel Living has been engaged in two major redevelopment projects:

- 958 and 960 East Avenue: the property is occupied by 2 two-storey buildings operated by Peel Living, totaling 30 units.
  - Consultants tested mixed-income development scenarios including mid-rise apartments and stacked townhomes and determined that the optimal scenario could yield 156 units, which is a net increase of 126 units on site. Preliminary financial projections for the project have been completed using a 60/40 split between market units and affordable units.
  - The preliminary budget for the project is \$45 million, with \$32 million funded from Housing System Investment Framework's allocation to Peel Living, and \$13 million from external debt.
- Twin Pines: Peel Living has started to redevelop the 25-acre Twin Pine lands, currently a mobile home park. Peel Living intends to create a community that provides a mix of housing options on the Twin Pines land. Preliminary concept plans demonstrate the ability to support 200 affordable units at 80% AMR, over 400 market traditional and stacked townhomes, as well as commercial and park space. A shared risk model that involves partnering with a private developer is the recommended approach at this project to maximize the value of the lands. The very high land value associated with the development helps to underwrite its feasibility.

In addition to the redevelopment of existing properties, Peel Living continues to examine processes and find efficiencies impacting financial well-being. In 2017, Peel Living has engaged in the following:

- A building-by-building financial review;

- Address arrears management;
- Develop risk management plan including actions to ensure tenants are insured;
- Review procurement processes and identify areas to improve efficiencies and client experience;
- An analysis of 19 potential redevelopment sites; and,
- Design and refine the 2018-2027 10-year Capital Plan and finalize the base-line service metric (Net Operating Income).
  - Historically, Peel Living have been able to complete an average of \$12 million in state of good repair work each year. The interim 10-year Capital Plan identified a need of between \$21.8 million to \$45 million per year for a total 10-year plan of \$330 million. Peel Living aims to reduce this overall capital need through redevelopment and regeneration of properties but also seeks to increase Peel Living's resource and funding capacity.



## 2.5 City of Windsor and Essex County

Summary of key factors to success:
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- The Regeneration Project is still in the very early stages.

The City of Windsor is the service manager for both the City and Essex County. It has about 8,750 units across its service area. Windsor Essex Community Housing Corporation (WECHC) is the LHC owned by the City of Windsor. It owns and manages a total of 4,707 units, including 3,537 RGI units and 1,170 affordable units.

The Public Housing stock in WECHC's portfolio is funded by the original HSA methodology where subsidy is determined through a budgeting process. This allows for no capital or operating reserve for the Public Housing stock, which also provides no incentive for efficient management practices. WECHC forecasts that if the current funding level continues, the operating subsidy requirement by 2030 will increase by over 100%, as a result of increasing operating expenses and flat revenue increase (due to the primarily RGI stock). Similarly, the unfunded capital needs of the portfolio will also grow significantly if current funding practices are maintained.

In 2017, WECHC initiated a regeneration study to mitigate the growing gap between the current subsidy commitment and actual need. The regeneration is also expected to address a list of other problems associated with the existing stock, including:

- Mismatched supply and demand: the study identified a shortage of one-bedroom units in general as well as an unmet demand for affordable market housing.
- A need to increase the RGI housing stock due to a large and growing wait list.
- The quality of the existing units are deteriorating and some of the buildings have physical limitations (e.g. accessibility issues).
- A need to move towards more financially and socially sustainable solutions.

As the first step of a regeneration strategy for the WECHC stock, an asset classification assessment was completed to evaluate every property in WECHC's portfolio. This analysis sorted each property into the following categories based on their current performance and go-forward strategy:

- Retain – when a building is performing adequately;
- Disposal – when a building is at the end of the lifecycle and redevelopment is not feasible or a property simply does not meet current or projected demand. Benefits of disposal include using equity from the sale to create a reinvestment fund, as well as capital cost avoidance.
- Revitalize – when a building has shortcomings but can be addressed through renovations;

- Redevelop – when a building has major issues and is at or near the end of its lifecycle. Redevelopment of the property would maximize its value.
- New development – when vacant parcels and intensification opportunities are identified.

The regeneration project was initiated by the WECHC with limited program and funding support from the service manager. Given the local market conditions, there is also limited private sector interest to leverage. As such, the general approach was to focus on internal capacity building in the near term by implementing a series of cost reduction and revenue generating strategies. These strategies included:

- Increase the market rent in WECHC buildings to maximize revenue.
  - In some RGI buildings the “market rent” is the ceiling a tenant pays even if it is lower than 30% of a tenant’s income. This “market rent” is usually artificially low and should be adjusted to true market rent.
- Reduce turnover of units through the introduction of support services, limiting internal transfers, and minimizing vacancy loss through practices such as choice based letting, bulk offers, or lottery system wait lists. Vacancy loss and long term vacancies were a major issue for some WECHC properties. Improving the quality of the housing stock through renovation and redevelopment could also address both turnover and vacancy loss issues.
- Implement strategic procurement practices by using standardized products to allow for bulk purchasing, introduce competitive processes for contractors, and other similar items.
- Investigate and implement energy retrofits to reduce energy consumption and utility costs.
- Investigate the feasibility and social consequences of charging for parking.
- Investigate the feasibility and revenue possibility of passing utilities to the tenant (given HSA regulations).
- Dispose of identified properties and reinvest proceeds in the existing housing stock or initiate development opportunities.
- Revise the funding formula of the public housing stock to the Provincial Reform approach where operating costs are benchmarked and inflated. This will provide surplus dollars if the above measures result in cost savings or revenue increases.
- Place all surplus revenue and equity into a “Regeneration Fund”, which will be used to undertake more significant regeneration efforts such as capital repairs, renovations, and development.

In addition to capacity building, it was recommended that the WECHC take a longer term view to redevelopment by identifying priority sites and undertaking preliminary planning and design work. This will allow the WECHC to be opportunistic when senior level funding is made available, which can be stacked with capital from their newly implemented Regeneration Fund as well as capital/long-term funding commitments from the City. It was recommended that the Glengarry

property in the City's downtown be the priority redevelopment site, which also aligns with the City's objective of reinvesting in the downtown core.

The WECHC is in the early stages of implementing this plan.

## 2.6 County of Simcoe

<b>Summary of key factors to success:</b>
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- The County reviewed all properties owned by the Housing Corporation to identify opportunities for housing (re)development.
- Strong relationship and collaboration between the City and the Housing Corporation.
- The County strategically directed future IAH funding to the Housing Corporation. This also involved taking steps to proactively overcome challenges in meeting IAH requirements such as designing the project to ensure it is shovel ready, securing funding and confirming financial resources, and selecting a property and affordability mix that would result in the greatest positive impact for residents.
- The County covered part of the soft costs associated with early design work necessary to secure funding.
- The County supported the Housing Corporation's redevelopment projects by providing capital funding and encouraging contributions from lower-tier municipalities.

The County of Simcoe is the service manager with 4,113 social housing units across the County, including 3,035 RGI units. In its 10-Year Affordable Housing and Homelessness Prevention Strategy, the County of Simcoe acknowledged the significant population growth and a net loss of rental stock over the past 15 years, which has resulted in rising apartment rents and an increase in demand for affordable housing. To address the affordability issue, the strategy established a target of building a minimum of 2,685 new affordable housing units throughout the region by 2024, which includes new rental, secondary suites, affordable ownership housing, and rent supplements/housing allowances.

The Simcoe County Housing Corporation (SCHC), owned by the County of Simcoe, is the largest social housing provider in the County. It owns and operates 1,315 RGI units and 79 affordable units.

### 2.6.1 SCHC Redevelopment Plan

In 2007, the County of Simcoe received a one-time capital grant of \$4.59 million from the Province under the Developing Opportunities for Ontario Renters Program (DOOR), which was intended for new affordable housing or to rehabilitate existing social housing. This program, along with the reserve fund of the SCHC, funded two projects, both of which are connected to an existing SCHC building, including:

- A 25-unit addition to an old SCHC building in Bradford West Gwillimbury was completed in 2010, with land donated by the Town of Bradford West Gwillimbury. The new building is connected to the existing building and it provides improved barrier free access and

elevator service for the existing tenants. The project was funded by the DOOR program and Social Housing Reserve.

- A 5-storey addition with 54 units over the existing 53-unit SCHC building in Barrie was completed in 2016. This project was funded by the DOOR program, Cities of Barrie and Orillia, and the County's Social Housing Development Charge Reserve. In addition to adding new units, the project also completely upgraded the old building with a new elevator, laundry facility, common space, as well as an energy recovery system and high efficiency boilers, heating system, LED lighting in common area, and upgraded the building envelope with better insulation.

These two initial projects provided good insight for potential intensification of SCHC properties. This inspired the County to conduct a review of all SCHC properties to determine if there were opportunities for intensification and redevelopment, as well as the need for selling properties and acquiring new lands. A multi-year redevelopment plan was initiated to evaluate each site from the following perspectives: real estate market conditions, municipal zoning and neighbourhood composition, Facilities Condition Index, annual operating cost, location / desirability, and intensification potential. A few key findings were developed as a result of the study:

- The scattered SCHC properties are generally low in value and not likely to present a positive cost/benefit position to support disposal, aside from the scattered units in the City of Barrie where real estate conditions are more favourable. Staff recommended developing a rationalization plan specific to Barrie that incorporates the sale of scattered units.
- Redevelopment for higher density that is not supported by zoning could encounter delays and will involve higher risk of community opposition and not being granted zoning approval. Redvelopments on sites with favourable zoning would be easier to execute.
- Upon analyzing actual operating costs for multi-residential building as well as scattered units, staff concluded that on a per unit basis the operating expenses of scattered houses are higher than the multi-residential buildings. Future redevelopment plans should consider large multi-residential site development rather than ground oriented homes.
- Location and desirability is an important consideration for future development, intensification, and acquisition of property to maximize rent and financial viability.
- Most of SCHC's sites are not suitable for intensification due to their modest size. However two sites are identified that meet the criteria of site size, zoning, and locational desirability.
  - One of the two sites currently under development is in Collingwood. The proposal includes demolishing 30 existing SCHC townhomes with an annual operating cost around \$7,000 per unit, and replacing them with two buildings totalling 147 new units with a forecasted operating cost of \$4,000 per unit. The total cost of the development is estimated to be \$39.6 million, of which \$27.1 million will be paid by the County and the remaining \$12.5 million will be paid by the Cities of Barrie and Orillia. On the County's side, funding sources include Development Charges (\$11 million),

Social Housing Reserve (\$4 million), and internal and external debt financing (\$12.1 million).

### 2.6.2 *Aligning Funding Opportunities*

In 2016, Council decided that the \$3 million funding under the IAH in each of the future 2017/18 and 2018/19 years will be used for rental development by SCHC. The County recognized two crucial factors that prompt the need for pre-planning:

- 1) Any development by SCHC will require additional resources beyond the IAH funding; and,
- 2) Projects that use the 2017/18 IAH funds must start construction by 2018 as required by IAH guidelines.

To address the two considerations, the County of Simcoe encouraged area municipalities to provide contributions by committing County funding to support rental development in addition to the Federal-Provincial IAH funding. The County used a Call for Proposals (CFP) process to seek partnership opportunities with area municipalities who indicated interests in sharing resources (e.g. donating land) for affordable housing construction. A key consideration of the CFP included:

- location within the settlement area;
- proximity to community amenities, social services and other SCHC sites;
- municipal contribution and incentives;
- realistic timelines;
- alignment with SCHC redevelopment plans; and,
- suitability of land topography and environment.

The CFP has spurred a strong response from municipalities that are willing to offer land, buildings, as well as various incentives such as waivers of building permit and planning application fees, and property tax grants, which can be used by SCHC to build new affordable rental housing. The top scoring project was recommended for schematic design and cost analysis to meet the 2017/18 deadline and IAH qualifying requirements. Soft costs related to early design work are shared by the County and local municipality, with the County's portion funded by the Social Housing Reserve.

## 2.7 York Region

<b>Summary of key factors to success:</b>
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- The Region makes annual contributions to a grant program that funds building retrofits, energy efficiency improvements and other innovative programs.
- The Region delivers its own rent supplement-like program to reduce the Centralized Waiting List and support new affordable housing projects by increasing their revenue.
- The Region engages in long-range planning with regards to its housing stock to ensure its long term well-being.
- The Region undertakes multiple measures to improve energy efficiency and minimize operating costs.

York Region is the service manager for over 6,000 units located across the Region. Over the past years, the Region experienced steep population growth as well as rising home prices, resulting in an undersupply of mid and low range housing options. As housing affordability becomes an increasingly prominent issue, the Region has advanced its investment in housing, which includes the following:

- Since the early 2000s, York Region has been continuously supporting its housing corporation, Housing York Inc. (HYI) to build new affordable housing, utilizing capital grant programs offered by the senior levels of government, as well as the contributions from regional and local municipalities.
- The Region invests \$500,000 annually in the Social Housing Innovation Fund. The fund provides grants for building retrofits, improving accessibility, playgrounds, energy efficiency and other innovative programs.
- The Region has invested \$3.8 million (as of 2014) to offset development charges for affordable housing.
- York Region delivers its own rent supplement-like program, the Regional Rent Assistance Program. This rent subsidy program, introduced in 2010, is funded solely by the Region.
  - The program is designed specifically for new affordable housing projects built under the Canada-Ontario Affordable Housing Program. As of 2016, the program funds 266 units in 6 non-profit housing communities.
  - Under this program, rents are calculated annually, while a mid-year adjustment occurs if the tenant experiences an annual income loss of 20% or more. Income is based on income tax return information.
  - For OW and ODSP renters, rents are based on maximum shelter allowance. The subsidy also includes utility allowance which is based on average actual costs.
  - The implementation of this program has achieved the following benefits:

- Applicants are housed from the Region's Subsidized Housing Wait List;
  - The rent calculation is simple and predictable for tenants;
  - Administration for housing providers is less onerous; and,
  - Subsidy cost is less than traditional RGI subsidy: Based on 2016 statistics, average annual RGI subsidy in the Region is \$7,840 per unit, while the average annual Rent Assistance subsidy is \$5,570 per unit.
- While York Region has requested the Province to count these units towards the Service Level Standards, they are currently not considered eligible to be counted.

The Region has also introduced several initiatives that are focused on long-term planning and sustainability. This includes completing a reserve fund analysis for all housing providers, piloting energy audit programs for housing providers, transitioning housing providers from annual capital plans to 10-year capital plans, and coordinating and issuing bulk tenders with housing providers to decrease operating costs.

Housing York Inc. (HYI) is York Region's non-profit housing corporation. It is an amalgamation of the Region of York Housing Corporation (823 units, market and RGI) and York Region Housing Corporation (872 RGI units) in 2003. It manages about 2,600 units, of which nearly 1,000 units were built or acquired between 2004 and 2016. The lower RGI concentration in HYI's portfolio puts it in a better position compared to many other housing corporations across Ontario. This section highlights a few strategies that the HYI employs to achieve higher operating efficiency.

- Long-Term Budget Planning: In 2015, HYI introduced a multi-year budgeting for operating and capital budgets, which is used to strengthen its financial planning and management. This work has been further improved subsequently by enhancing financial forecasting to ensure resources are used effectively.
  - The improved operational and capital budgeting process with better forecasts and reporting could allow HYI to support York Region's goal of developing a consolidated Region-wide State of Infrastructure Report.
- Long-Term Capital Planning: in 2016, HYI completed an Asset Management Plan. The Plan outlines the characteristics and conditions of assets, the level of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions.
- Long-Term Fiscal Plan: in 2017, HYI's Board of Directors approved a new long-term fiscal plan for the corporation. The fiscal plan was developed to ensure HYI remains fiscally responsible, safeguard its assets and is accountable for effectively managing its resources.
- Promote energy efficiency: Targeted properties with above average energy consumption and provided education and guidance to tenants to reduce usage and improve energy efficiency. HYI shared energy usage data is tracked and real energy savings yield to motivate tenants to be more energy conscious.



- HYI takes the following steps to increase the efficiency of unit turnover:
  - Standardizing building material;
  - Maximizing occupancy – vacant market units are advertised more aggressively through internet, print publications and signage.
  - Expand the move-in readiness program – work with applicants nearing the top of the waiting list to make sure their housing choices match their needs and that vacancies can be filled quickly.

In 2015, Housing York introduced a new rent subsidy model called the Tiered Rent Program to its most recent project, Richmond Hill Community Hub. Under this model, different bands of affordable rents are established for the building, and the band of affordability a household qualifies for depends on the corresponding incomes band it belongs to, as is demonstrated in **Figure 1** to follow. By establishing standard rental rates for the entire year based on income range, this model simplifies the administration of rents. The program sets up the targeted number of units for each income/rent band. This could allow for stable rental revenue for the building, it could also ensure that rent revenue will cover all operating costs, reserve fund requirements, and generate a surplus that will support future developments.

During its implementation, staff has learned that some applicants refused offers because they prefer to wait for the traditional RGI units that offer more security. Nevertheless, benefits of the Tiered Rent Program are identified as:

- Simple and transparent program rules and predictable rent for tenants;
- 90% of the tenants in the building pay a reduced rent;
- Majority of tenants are selected from the Region's subsidized housing waiting list;
- The project is self-sustaining and requires no annual funding; and,
- Administration for housing providers is less onerous.

Figure 1 – Tiered Rents Program

Rent Level	Incoming Tenant Income Range (\$)		Unit Type	Target Plan (# of Units)	Rent*
Band 1 Maximum Market Rent	80,001		1 bed		\$2,030
			2 bed		\$2,315
Band 2 (Affordable Market Rent)	80,000		1 bed	18	\$1,225
			2 bed	4	\$1,400
	Subtotal			22	
Band 3 (80% of Affordable Market)	34,001	41,000	1 bed	73	\$980
	40,001	48,000	2 bed	7	\$1,120
	Subtotal			80	
Band 4 (65% of Affordable Market)	27,001	34,000	1 bed	20	\$796
	32,001	40,000	2 bed	0	\$910
	Subtotal			20	
Band 5 (50% of Affordable Market)	21,001	27,000	1 bed	36	\$613
	24,001	32,000	2 bed	7	\$700
	Subtotal			43	
Band 6 Minimum Rent Band (35% of Affordable Market)	21,000		1 bed	35	\$429
	24,000		2 bed	2	\$490
	Subtotal			37	
TOTAL				202	

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## 2.8 City of Kawartha Lakes and Haliburton

### Summary of key factors to success:

- The City/Housing Corporation sold older, less efficient ground-oriented units and replaced them with more efficient multi-residential housing projects.
- The new housing projects are designed to be self-sufficient, mixed income, and energy efficient.
- The City/Housing Corporation aligned resources from senior levels of government, its own capital funding, contribution from lower-tier municipalities, and proceeds from the sale of scattered units to fund new housing developments.
- The City also financed the projects as a lender, enabled by a City debenture, which reduced project costs.
- The City/Housing Corporation employed a number of cost saving measures to reduce operating subsidy requirements.

The City of Kawartha Lakes is the service manager for about 950 social housing units in the service area that includes the City of Kawartha Lakes and Municipalities/Townships of Dysart, Highlands East, Algonquin Highlands, and Minden Hills. The Joint Social and Housing Services Advisory Commitment (JAC), with membership drawn from City and County Councils, advises the Council of the City of Kawartha Lakes on social housing matters. The City and County have an ongoing agreement that includes cost sharing formulas for social housing.

The Kawartha Lakes-Haliburton Housing Corporation (KLHHC) is a local housing corporation and non-profit housing provider owned by the City of Kawartha Lakes. The KLHHC has no staff, with City of Kawartha Lakes staff performing the duties of the corporation on behalf of KLHHC. The KLHHC operates a total of 734 units, this includes 467 RGI units, 210 non-profit affordable units as a result of the amalgamation of KLHHC and the Lindsay Non-Profit Housing Corporation, and 24 new units built under the IAH program in 2013.

Since 2007, KLHHC has explored the feasibility and developed a business plan to sell some, or all of their 16 single detached and 60 semi-detached units that are older and less energy efficient. The equity gained through the sale of these units is being invested into new, more efficient multi-residential affordable housing, with a goal of increasing the overall supply of affordable housing across the service area.

To date, a total of 64 single- and semi-detached homes were approved for disposal. Between 2014 and 2017, 36 homes were sold with a net proceed of \$5.9 million to be invested towards new communities. When planning for the regeneration of its portfolio, KLHHC decided to keep the project scale small to better align with the amount of funding from senior levels of government. Over the past five years, the KLHHC has engaged in 7 new housing developments (**Table 5**) which

includes replacement RGI units as well as affordable market rent units. During the lease up period for two of the new developments, WP Phase 1 and Devan Court, KLHHC found that many of the households on the wait list for a one-bedroom unit could not afford the 80% AMR rate established for those projects. Moving forward, the KLHHC repositioned new developments to meet the 80% AMR requirement as an overall average, rather than every single unit being 80% of AMR. This allowed the project to offer units above and below 80% AMR, which is an acceptable method using the IAH model.

Table 5

New KLHHC Developments						
Built Year	Municipality	Total Units	# RGI Replacement	# Net New Units	Funding Source	Note
2013	Haliburton (WP Phase 1)	24	0	24	Cash donation from County; Discounted land price from Dysart; Waived building permit/planning fees; Waived requirements for securities; Property tax reduction; IAH funding; Debenture.	All 1B Units; Rezoned in 2011 for 36 units but capital funding only allowed for 24 units.
2015	Lindsay (Devan Court)	29	18	11	KLHHC, IAH, seed funding from CMHC, waived development charges and building permit fees.	-
2017	Minden (Pinegrove Place)	12	0	12	Cash donation from County, KLHHC, seed funding from CMHC, lower property tax rate and land donation from Township of Minden Hills	-
2018	Lindsay (Flynn Gardens)	16	9	7	Revenue from sales, municipal incentives, CMHC seed and PDF funding, KLHHC reserves.	Addition to existing building
2018	Lindsay (Bond by the River)	12	9	3	Revenue from sales, municipal incentives, CMHC seed and Proposal Development funding, KLHHC reserves.	Family townhomes
2019	Lindsay (Housing and Office Space)	24	0	24	IAH funding, Debenture	Incorporated office space for the City's Human Services Department
2019	Haliburton (WP Phase 2)	12	0	12	Cash donation from County; KLHHC reserve; IAH funding; Waived planning and building permit fees; and property tax reduction.	Rezoning done in 2011.
<b>Total</b>		<b>129</b>	<b>36</b>	<b>93</b>		

Source: Kawartha Lakes

The City of Kawartha Lakes had acted as the lender both for construction financing and long-term financing for these projects, which was funded through a City debenture. The KLHHC services the debt by using the proceeds from the sale of scattered units and the cash flow of each project.

This approach to financing eliminated the requirement for CMHC mortgage insurance, thereby reducing the project capital cost by approximately \$20,000.

All of the new build projects follow a financial model that allows for self-sufficiency to the extent that no municipal operating or capital subsidies are needed. The annual operating budget for each project includes a contribution to a capital replacement reserve (4% of revenue). KLH Housing Corp anticipates increases in rental revenue through the additional units, and lower expenses are forecasted across the new buildings due to increased energy efficiency.

In 2017, the KLHHC noted a 4% increase of affordable housing units across the region since 2015, while a 48% decrease of total subsidy requested from the City. The reduction in operating subsidy KLHHC's 2018 and 2019 budget was enabled by the operating surplus, estimated at \$150,000 in 2016. Part of the reason that contributed to the surplus is a series of operating efficiencies created by KLHHC, which included the blending of staff positions to reduce overall head count, restructuring overtime protocol and using technology to find savings, and other measures. Participation in various energy savings programs such as hydro, gas and lighting have also added to the reduced operating costs.

## 3.0 Other Revitalization Considerations

Chapter 2 of this report described the procedures and the systematic approaches undertaken by the service managers and housing corporations to regenerate their housing stock. In this section, we highlight a few best practices that are new to the social housing world in Canada. Despite local housing market and demographic conditions, these practices and techniques could be beneficial in any service area.

### 3.1 Portable Housing Benefits

In 2017, Ontario announced an amendment to the Housing Services Act (HSA) to give service managers the option to offer locally-funded portable housing benefits (PHB) in addition to traditional RGI programs, and allow these units to be counted towards their Service Level Standards.

A PHB provides direct financial assistance to low-income households that qualify for assistance with their housing expenses. Service managers are given flexibility in the PHB subsidy calculation, however, the minimum benefit is the difference between an affordable rent (defined as 30% of household income) and 80% of the average rent in the household's local housing market. Unlike RGI and traditional rent supplement programs, PHBs are tied to households rather than the physical building or a housing provider. Households are not required to live in a dedicated unit and can take their benefits with them if their housing needs or preferences change.

There are several advantages of PHBs:

- It allows households to have increased choices of where to live. This could to some extent facilitate income mixing and reduce the concentration of poverty in certain areas.
  - While income mixing is generally considered desirable in the social housing industry today, recent research/evidence shows that it could have more long-lasting impacts on families with young children. A 2015 study<sup>2</sup> in the US demonstrated that moving to a neighbourhood with less poverty, enabled by a housing voucher, significantly improves college attendance rates and earnings for children who were young (below 13 years old) when their families moved. These children also live in better neighbourhoods themselves as adults and are less likely to become single parents.
- The PHB program is designed to only reassess household income annually based on tax returns, which means recipients can keep more of what they earned during the year. By comparison, the current RGI system has a complex income and rent calculation methodology that can be confusing to both housing providers and tenants. It also requires

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<sup>2</sup> Chetty, Raj, et al (2015). The Effects of Exposure to Better Neighbourhood on Children: New Evidence from the Moving to Opportunity Experiment.

that a tenant declare every time their income changes, which could create barriers and disincentives to work.

- This calculation is adjusted for those on social assistance (e.g. OW and ODSP), allowing the rent charged to be the maximum shelter allowances payable under social assistance benefits. This could potentially lower the subsidy cost to the service manager for social assistance recipients without any financial impact on these recipients.
  - Currently under the HSA, rent for tenants on social assistance is based on a rent scale which is significantly lower than the social assistance maximum shelter allowance. For instance, the rent for a single person on OW living in social housing is \$85 based on HSA, while under the PHB the rent would be \$384, which is the maximum shelter allowance under OW. This results in a \$299 saving per month to the service manager.
- The program allows service managers to have the flexibility to replace and/or augment the supply of RGI units in the social housing portfolio by providing a PHB to applicants on the centralized wait list.
- PHBs also allow the service manager to move away from brick and mortar assets, eliminating the need for long-term capital funding of these buildings.
- The program can help people at risk to keep their existing home, provided that the unit they reside in meets the PHB guidelines, further allowing for consistency, anonymity and freedom to live closer to work, school, and community.
- This housing benefit can offer incentive to increase affordable housing development.
  - In the US, some public housing authorities have replaced public housing with portable housing choice vouchers. These vouchers are sometimes used when the public housing authority is redeveloping older housing stock.

However, there are drawbacks of portable housing benefits as well:

- If there is a low vacancy rate and a lack of available rental options at the lower end of market, the ability for the market to support tenants could be compromised and result in a very high wait list for traditional RGI units.
- The costs of providing PHBs in high rent markets such as the GTHA would be significant.
- Notwithstanding the above two points, the City of Greater Sudbury's current housing market conditions (e.g. high vacancy rate and low rents) largely negate these drawbacks.
- Some have noted that brick and mortar social housing assets that are managed directly by a housing corporation is better suited than the private sector in ensuring the needs of the City's most vulnerable are met.

### 3.2 Passive House Standard

Passive House is the most rigorous standard for energy efficiency in the design and construction industry today. In a passive house building the primary goal is to achieve a superbly well-insulated and tightly sealed building envelope, then introduce fresh air via a high-efficiency heat recovery ventilation system. This approach can be combined with renewable energy technologies to supply heat or electricity to maximize social benefits.

The major benefit of adopting the Passive Housing standard is significant reduction in ongoing energy usage and improved indoor air quality: a Passive House certified building is estimated to have an 80% to 90% reduction in annual heating/cooling fuel consumption compared to a conventional building built to the Ontario Building Code standard. This standard could be achieved regardless of the building type developed (e.g. high-rise apartment and single family home).

The incremental cost of reaching passive house performance depends on several factors, including the severity of the climate, the type of building, and the availability of high quality building components. There could be other issues with implementing Passive House standard that have cost implications: for instance, some early examples in Canada indicated the design work took a year to complete in order to meet the Passive House standard, compared to 3 to 4 months for a traditional building. Overall, the incremental cost of building a Passive House in Canada is estimated to be 10%, assuming the builder has some experience in this type of construction.

Despite the cost premium, Passive House gained advocates in the social housing sector in Canada for its significant potential reduction in operating costs. For long-term housing operators, the additional construction cost could be justified by sizable ongoing savings on operating costs.

A recent Passive House example in Ontario is the Salus Clementine - Karen's Place in Ottawa. Karen's place is a 42-unit apartment building owned by Ottawa Salus Corporation and provides housing to people who are living with psychiatric illness. Completed in 2016, the building has been certified LEED Platinum and is also targeting the Passive Housing certification. The building is designed to rely on insulation, ventilation, and heat from their occupants and the sun to maintain perfect temperature. It requires no furnace, air conditioner, or any other kind of active climate control to keep its residents comfortable. The building is designed to use 66% less energy than a conventional building, each unit costs about \$30 a year to heat. Karen's Place cost \$9.1 million to build, which is an estimated 6% to 9% more expensive than a similar complex built to Ontario Building Code.

### 3.3 Choice Base Letting

In most service areas in Ontario, the household at the top of the waiting list will be notified when an RGI unit becomes available, and households can refuse up to three offers of social housing. In the City of Toronto, it takes an average of 45 days to fill a RGI vacancy in 2013 despite an extensive



and growing waiting list. On an annual basis, Toronto Community Housing Corporation (TCHC) budgets about \$5.5 million for revenue loss due to unfilled RGI vacancies.

In February 2014, TCHC and Housing Connections launched a pilot project named My Choice Rental Pilot in 12 TCHC buildings. The general approach is advertising a vacant RGI unit online or through Housing Connection or community partners. Applicants can express their interest and they will be ranked based on chronological and priority status. Top respondents will be contacted to view the unit, and finally the unit will be offered to the household with the highest priority.

The result of the 8-month pilot has demonstrated significant improvements:

- Number of calls by housing staff to fill an RGI unit reduced from 9 to 1.6 phone calls;
- Acceptance rate for offered units increased from 24% to 73%; and,
- Length of time to fill a vacant unit from posting to lease signing dropped from 45 days to 20 days, which could translate to a potential savings of \$3 million in vacancy loss for TCHC.

The implementation of the choice-base letting approach requires the support of outreach and education programs – the TCHC participation survey indicated that 50% of the participants did not bid for any unit because they did not receive the invitation letter; 35% of them did not bid as they do not understand the program; and only 27% of them did not bid as they did not like the building.

### **3.4 Community Based Capital Improvement**

In 2015, the TCHC launched the ReSet pilot program in three communities to deliver faster, less disruptive and lower-cost capital repairs. The basic idea is that the program will bundle multiple capital repair jobs in each community and deliver them as one project. Residents were engaged to provide input on planning, designing, and decision making on the repair works in their community, and all the capital works identified are subsequently completed at the same time. Benefits of the ReSet program is summarized into four aspects:

- Faster repairs: by bundling all capital repairs under a single general contractor, work will be done more efficiently, more effectively and with the least amount of disruption to residents;
- Cost saving: common building materials are purchased in bulk and installed community by community through a general contractor, creating significant cost savings;
- Increased community safety: improvements to community include environmental design principles aiming at crime prevention, such as safe access to parking, street lighting, etc.
- Better local services: the program engages local residents to identify program and service that their communities need and then find partners to deliver the services.

### 3.5 Affordable Housing Financial Assistance Programs

There are a number of financial assistance programs offered by the federal and provincial governments that are intended to encourage new affordable housing construction. Many of these programs were created recently under the National Housing Strategy and Ontario Fair Housing Plan. This subsection provides an overview of these programs.

#### 3.5.1 National Housing Co-Investment Fund – New Construction Stream

The Fund is part of the National Housing Strategy to provide capital contributions and/or low-cost loans to build new affordable housing. It encourages the development of mixed-income, mixed-tenure, and mixed-use housing near transit and other amenities, integrated with supports and services, with additional focus on environmental efficiency, accessibility, social inclusion and partnerships. In total, the new construction stream offers \$5.19 billion in loans and \$2.26 billion in capital contributions over 10 years.

**Type of Assistance:** Low cost loan and/or contribution.

- A minimum of \$1 million loan and/or contribution.
- Maximum contribution (for projects exceeding minimum requirements): up to 40% of eligible costs for co-operative, non-profits, indigenous groups; up to 30% of eligible costs for government bodies; up to 15% for private sectors.
- Maximum loans (for projects exceeding minimum requirements): up to 95% of eligible cost (residential component) for co-operatives, non-profits, indigenous groups; up to 75% of eligible costs (residential) for government bodies and private sector, and for non-residential component.
- Loan amortization: up to 50 years.
- Interest rate on loans: below market rates, fixed rate for up to 20 years, rates reset every 10 years.

**Eligible Applicants:** non-profit housing organizations or co-operatives, government bodies and their agencies, indigenous government and organizations, and private sector applicants. Applicants are required to have experience in property management (5 years) and construction management, and excellent credit and repayment history.

**Program Requirements:**

- Provincial and/or municipal contributions are required to apply for this funding. Contribution could be monetary or in-kind, including but not limited to: provision of land, inclusionary zoning provisions, accelerated approval processes, waiving development charges and fees, tax rebates, and other government loans.
- Projects need to have a minimum of five units/beds.

- Rents for at least 30% of the units must be less than 80% of the Median Market Rent and maintained for a minimum of 20 years.
- Applicants must demonstrate financial and operational ability to carry the project and to provide evidence of the financial viability of the proposed project, and capacity to deal with development risks such as cost over-runs and delays.
- Minimum debt coverage ratio: 1.00 for residential loan component, 1.40 for non-residential.
- The borrower and guarantor (if applicable) must provide their covenant/guarantee for 100% of the loan during construction and rent-up.
- Reserve requirement: a minimum of 4% of Effective Gross Income for long-term financial viability and maintenance of the property.
- Achieve a minimum 25% decrease in energy consumption and GHG emission over the most recent national building and energy codes.
- 20% of units within the project must meet or exceed accessibility standards and common areas must be barrier free or have full universal design applied.

**Prioritized Projects:** priority is given to projects with: greater number of units, deeper affordability, greater energy efficiency and accessibility, proximity to amenities and community supports, strong partnerships, social inclusion, and support to priority groups (e.g. domestic violence victim, seniors, etc.)

### 3.5.2 *National Housing Co-Investment Fund – Repair and Renewal Stream*

The Fund is part of the National Housing Strategy to provide capital contributions and/or low-cost loans to support repair and renewal of existing community and affordable housing, and make them more sustainable from a community, environmental, and financial perspective. In total, the repair and renewal stream offers \$3.46 billion in loans and \$2.26 billion in capital contributions over 10 years.

**Type of Assistance:** Low cost loan and/or contribution.

- A minimum of \$250,000 loan and/or contribution.
- Maximum contribution (for projects exceeding minimum requirements): up to 40% of eligible costs for co-operative, non-profits, indigenous groups; up to 30% of eligible costs for government bodies; up to 15% for private sectors.
- Maximum loans (for projects exceeding minimum requirements): up to 85% loan-to-value (improved value) for residential component; up to 75% of loan-to-value (improved value) for non-residential component.
- Loan amortization: up to 50 years.

- Interest rate on loans: below market rates, fixed rate for up to 20 years, rates reset every 10 years.

**Eligible Applicants:** non-profit housing organizations or co-operatives, government bodies and their agencies, indigenous government and organizations, and private sector applicants. Applicants are required to have experience in property management (5 years) and construction management, and excellent credit and repayment history.

**Program Requirements:**

- Provincial and/or municipal contribution is required to apply for this funding. Contribution could be monetary or in-kind, including but not limited to: provision of land, inclusionary zoning provisions, accelerated approval processes, waiving development charges and fees, tax rebates, and other government loans.
- A minimum of five units/beds.
- Rents for at least 30% of the units must be less than 80% of the Median Market Rent and maintained for a minimum of 20 years.
- Applicant must demonstrate financial and operational ability to carry the project and to provide evidence of the financial viability of the proposed project, and capacity to deal with development risks such as cost over-runs and delays.
- Minimum debt coverage ratio: 1.00 for residential loan component, 1.40 for non-residential.
- The borrower and guarantor (if applicable) must provide their covenant/guarantee for 100% of the loan during construction and rent-up.
- Reserve requirement: a minimum of 4% of Effective Gross Income for long-term financial viability and maintenance of the property.
- Achieve a minimum 25% decrease in energy consumption and GHG emission over the most recent national building and energy codes.
- 20% of units within the project must meet or exceed accessibility standards and common areas must be barrier free.

**Prioritized Projects:** priority is given to projects with: greater number of units, deeper affordability, greater energy efficiency and accessibility, proximity to amenities and community supports, strong partnerships, social inclusion, and support to priority groups (e.g. domestic violence victim, seniors, etc.)

### 3.5.3 *Affordable Housing Innovation Fund*

The \$200 million Fund is part of the National Housing Strategy to encourage new funding models and innovative building techniques in the affordable housing sector.

**Type of Assistance:** Loans, forgivable loans, contributions, equity capital investments, minority ownership models, dividend payments, other innovative funding arrangement.

**Eligible Applicants:** municipalities, private sector, and non-profit housing providers that want to build new affordable housing or repair and renew existing housing in response to a demonstrated community need.

**Program Requirements:**

- Applicants must demonstrate overall financial resources to support the level funding required to ensure project viability.
- At least 5 new units, renovations or retrofits must be considered affordable defined by municipality.
- Demonstrate the use of innovative solutions for affordable housing, including financing models or unique designs used to overcome barriers and lower the costs and risks associated with housing projects.
- Demonstrate the project is able to and will remain affordable for at least 10 years.
- Achieve a minimum 10% decrease in energy intensity and GHG emission relative to the National Energy Code of Canada for Buildings 2015 (NECB).
- At least 10% of units within the project must meet or exceed accessibility standards.
- Plans for viability and sustainability without long-term government subsidies.
- Other factors, e.g. replicable designs, easy access to transit, focus on social inclusion.

**Prioritized Projects:** projects that exceed mandatory requirements, bring more partners and additional investments, and address the need of vulnerable populations.

#### *3.5.4 Rental Construction Financing Program*

The program is part of the National Housing Strategy to encourage the construction of new rental housing across Canada. It provides up to \$3.75 billion in loans and will run from 2017 to 2021.

**Type of Assistance:** Low-cost loans.

- A minimum of \$1 million loan and/or contribution.
- Maximum loan to cost: 90% to 100% loan to cost for residential loan component, up to 75% loan to cost for non-residential loan component.
- 100% loan to cost is for projects offering the greatest social outcomes of affordability, accessibility, energy efficiency, stacking of government programs, and transit orientation.
- Loan amortization: up to 50 years.

- Interest rate on loans: fixed rate option (10 year term, locked at beginning of term) and hybrid option (10 year term, floating during construction, fixed at occupancy permit).

**Eligible Applicants:** municipalities, rental co-operative, public or private non-profit housing organization, private sector. Applicants need to demonstrate property management experience (5 years minimum) and excellent credit and repayment history, and have a minimum net worth equal to at least 25% of the loan amount, with a minimum of \$100,000.

**Program Requirements:**

- Projects need to have a minimum of 5 units, residential need to be the primary use, non-residential does not exceed 30% of total gross floor space nor 30% of total cost.
- Demonstrate financial and operational ability to carry the project without ongoing operating subsidies. Provide evidence of the financial viability of the proposed project and capacity to deal with development risks such as cost over-runs and delays.
- Minimum debt coverage ratio: 1.10 for residential loan component, 1.40 for non-residential.
- The borrower and guarantor (if applicable) must provide their covenant/guarantee for 100% of the loan during construction and rent-up.
- Affordability requirement: total residential rental income of the project must be at least 10% below its gross achievable residential rental income as supported by an independent appraisal report. And a minimum of 20% of the units must be affordable with rents at or below 30% of the median household income in the subject market.
- Affordability requirement can also be met if a project is approved under other housing program initiatives (federal, provincial, or municipal) that provide support for the development.
- Affordability must be maintained for at least 10 years.
- Achieve a minimum 15% decrease in energy intensity and GHG emission relative to the National Energy Code of Canada for Buildings 2015 (NECB).
- 10% of units within the project must meet or exceed local accessibility standards and common areas must be barrier free.

**Prioritized Projects:** projects with other government supports and partnerships, and projects that offer access to public transit.

### 3.5.5 *Investment in Affordable Housing (2014 Extension) – Rental Housing Component*

The IAH-2014E for Ontario program provides \$800 million in federal and provincial funding to improve access to affordable housing over 6 years, with the program ending in 2020. This funding was bolstered by the Social Infrastructure Fund (SIF) in 2016 which totals another \$640 million.

In Ontario, this funding is allocated annually to service managers based on the service manager's share of households and the number of households in core need.

**Type of Assistance:** forgivable capital loan calculated to be 75% of the total capital cost per unit or \$150,000 per unit, whichever is lower. Total capital costs include land, financing, hard (construction) and soft costs but less any HST rebates.

**Eligible Applicants:** government bodies, non-profit organizations, private sector,

**Program Requirements:**

- Projects need to be one of the following:
  - New construction, including additions and extensions;
  - Acquisition and rehabilitation of existing residential building to maintain or increase the affordable rental housing stock;
  - Conversion of non-residential buildings or units to purpose-built rental building/units.
  - Note that social housing projects/units that receive ongoing federal and/or provincial subsidies (e.g. demolition and replacement of existing social housing units) are not eligible.
- Units must be modest in size and amenities relative to other housing in the community, subject to service manager's requirements.
- Have all the required municipal planning approvals, be able to sign a Contribution Agreement (CA) no later than December 31<sup>st</sup> of each program year.
- Start construction within 120 days after signing a CA.
- Be financially viable from a construction and operating cost perspective.
- Have rents that on average for the project are at or below 80% AMR for a minimum of 20 years.
- Provide the required equity: 10% for private proponents, 4% for partnership between private and non-profit, and 0% for non-profit organizations.
- Have an occupancy plan to ensure units will be occupied in a timely manner.
- Target client group of the project should be households that are on or eligible to be on social housing waitlists.

**Prioritized Projects:** Service managers are encouraged to give priority to:

- Projects that address the needs of victims of domestic violence and other local groups identified in service manager's Housing and Homelessness Plans.

- Projects that have contribution by others, including the service manager, host municipality, or sponsored by providers that agree to project affordability periods beyond the 20-year minimum.
- Projects with energy efficiency features and/or accessibility features.
- Service managers are required to give priority consideration to the employment of apprentices in the residential housing sector.

#### 3.5.6 *Seed Funding Program*

The CMHC has a Seed Funding Program which offers financial assistance to cover soft costs at early stages of an affordable housing project, such as incorporation, preliminary financial feasibility, developing a business plan, project drawings/specifications, as well as a variety of professional fees. Seed Funding can also be used for activities such as capital replacement planning or energy audits to help housing project whose viability is at risk.

**Type of Assistance and Amount:** non-repayable contribution up to \$50,000. Additional funds may be made available in the form of a fully repayable, interest free loan of up to \$200,000.

**Eligible Applicants:** individuals and organizations building affordable housing in Canada, could include but not limited to private developers, non-profit housing organizations/co-operatives, municipalities, etc.

**Program Requirements:** Projects must have a minimum of 5 affordable units, with affordability determined by the municipality. There are no restrictions on tenure, build form, or future residents.

#### 3.5.7 *Ontario Development Charges Rebate Program*

The provincial Development Charges Rebate Program is part of the Ontario Fair Housing Plan introduced in April 2017. Under the program, a total of \$125 million over 5 years is available as rebates for development charges, starting with 2018-19.

**Eligible Applicants:** individuals and organizations building affordable housing in Canada, could include but not limited to private developers, non-profit housing organizations/co-operatives, municipalities, etc.

**Program Requirements:** Municipalities have the flexibility to determine the rental housing developments and units that will receive funding based on local need, but within broad provincial program criteria:

- Developments must be consistent with provincial planning policies;
- Developments must align with other provincial priorities and lead to net new additional public good, e.g. rental housing, family sized units.



- Developments and units receiving provincial rebates must remain affordable for a minimum of 20 years.
- No luxury rental units, where starting rents do not exceed 175% AMR.

In addition to the financial assistance program above, there are also land programs at both federal and provincial levels, where surplus lands and buildings identified will be transferred to eligible participants at discounted to no cost. Typically discount will depend on the maximization of socio-economic and environmental outcomes.

## 4.0 Summary of Key Findings

This background report has reviewed the social housing revitalization efforts in eight service areas with varying local market conditions. Common to many service areas across Ontario is a deteriorating legacy social housing stock, a growing unfunded capital liability, rapidly increasing operating expenses and subsidy requirements, flat annual revenue changes, mismatched housing supply and demand, stigmatized communities, and a complex RGI rent calculation system.

The social housing system has exposed a number of deficiencies from both a hardware (i.e. physical condition) and software (i.e. operations) perspective, which has resulted in it being one of many items on the planning agenda of municipalities. In many cases it may not appear to be the most pressing issue and was therefore not given priority in the municipal budgeting process. This study captured service managers that have recognized the urgent need for social housing regeneration and provided generous support when needed (additional examples also exist). This decision is mostly driven by the objective to achieve a combination of the following:

- Dilute and improve areas suffering poverty and stigma (e.g. Kingston Rideau Heights, Hamilton West Harbour).
- Address the shortage of housing in the face of rapid population growth. Strengthen the weak or missing components along the housing continuum (e.g. Peel, York, Simcoe).
- Take action to reduce the large capital liability (e.g. Ottawa, Peel).
- Make an impact on the growing waiting list (All);
- Replace older, costly units with newer, more efficient units for cost saving (All).

In reviewing the regeneration efforts, we have concluded the following key findings:

### **Service managers are well invested and involved in the regeneration planning and implementation:**

All of the service managers reviewed in this study, aside from Windsor-Essex who are still early in developing their regeneration efforts, are well invested in the social housing stock, which is crucial to enable the implementation of any regeneration plan.

- Some service managers align housing revitalization projects with other items on local the planning agenda. Examples include West Harbour in Hamilton and Rideau Heights in Kingston. In these examples, supporting housing revitalization is a key initial step in the improvement of a larger community and these efforts usually help service managers achieve multiple urban renewal objectives.
- A common practice of the reviewed service managers is the establishment of a dedicated funding source/reserve for repairing or retrofitting the existing housing stock and/or building new housing. In Ottawa, separate funding envelopes with identified funding

sources have been established for each objective of their revitalization plan, which includes:

- Capital Fund for capital repairs, with funds generated from mortgage refinancing;
  - Community Reinvestment Fund for new construction, with funds from the sale of scattered units; and
  - Green Reserve Fund for utility conservation programs, with funds from grants and savings from improved energy efficiency.
- Similarly, other service managers such as Kingston, Hamilton, and Peel have established municipal-funded capital investment programs to support housing. In Kingston, which is considered a relatively weak market area, Council made annual incremental contributions to a funding program dedicated for social housing. The contribution is built in its annual capital budget, and the program eventually grew into a sizable fund, which was crucial in enabling Kingston's Rideau Heights regeneration plan.
  - The municipal funding programs have proven to be a vital component in any regeneration scheme, as the capital funding from senior levels of governments (e.g. IAH) is rarely sufficient to support an affordable housing (re)development project that is self-sustaining. Moreover, in cases where RGI replacement units are incorporated in a project, the RGI replacement component can only be funded by sources other than the IAH due to the program requirement of the IAH funding (i.e. demolition and replacement of existing social housing units are not eligible for IAH). Further, a revitalized social housing stock requires a broad and multi-faceted approach, which in turn will require significant funding from a variety of sources to tackle a wide-range of issues.
  - In addition to the establishment of municipally led funding programs, other municipal contributions observed in the case studies have included one-time capital funding, guaranteeing debt and refinancing of existing assets, strategically directing city reserves such as parkland dedication to support revitalization, waiving planning fees and development charges for new development, etc.
    - In stronger market areas such as York, Peel, and Simcoe, funding has come from development charges, which has reduced the funding commitment's burden on the tax levy.
    - In Kingston, the parkland dedication fund was utilized to compensate the housing corporation for demolishing deteriorating housing to create public open space. The compensation was then reinvested by the housing corporation into developing new affordable housing.
    - In Hamilton, part of their affordable housing funding program is from the dividends and profits earned through public entities.

- In cases where housing providers have pursued debt or have refinanced existing assets, it is a common security requirement from lenders that the service manager guarantee the debt:
  - In Ottawa's refinancing endeavors, the City was required to continue the same level of mortgage subsidy that they were previously providing the building for the length of the new loan.
  - In Hamilton's mixed-income developments that include RGI replacement units, the City guaranteed their debt service and committed to continue flowing operating subsidy to the new replacement units. This extended commitment was an essential component that contributed to a viable financial model of the new developments.
  - In both cases, the service manager has agreed to extend their mortgage and operating subsidy beyond the original end of operating agreement (EOA) or mortgage terms. Both Ottawa and Hamilton have capped subsidies at the same level as pre-development/pre-refinancing to avoid putting extra burden on the City's annual expenditure on housing. Using this approach, the City could deeply retrofit the older stock or replace them with new units that are more financially sustainable and cost-effective to operate, with the same level of annual expenditure on housing they currently experience.
  - Refinancing of existing assets were seen in both Ottawa and Hamilton, however in both cities the refinanced projects are either provincial reformed or market rent projects. In speaking to Ontario Ministry of Housing (MOH) and Infrastructure Ontario (IO), NBLC confirmed that it is possible to refinance Public Housing projects, but lenders like IO typically require City to guarantee the loan. In assessing such financing requests, lenders like IO typically look at the commitment the City has to paying the RGI subsidies and the length of such commitments. This subsidy commitment directly affects the borrower's ability to service the proposed debt and the amount that can be mortgaged.
- It is also common that municipalities supported affordable housing developments by waiving a series of fees including planning application fees, development charges, building permit fees, property tax, etc.
- Many service managers recognize that the LHC assets are the City's assets. As such they provide assistance to facilitate the LHCs to regenerate its portfolio and ensure its long term viability. In Simcoe's case, the County allocated IAH funding to SCHC and helped the SCHC prepare an IAH application two years in advance. The County also incentivized local municipalities to contribute financially, in order to ensure that SCHC's regeneration project met the funding requirement.
- In many service areas, service managers recognize that a single source of funding could rarely support even a small to medium sized new development or redevelopment. Many

of them would prioritize the LHCs when allocating capital funding from municipal and senior levels of governments. To maximize the impact of the capital assistance programs and offer deeper affordability and/or improve project self-sufficiency, service managers commonly stack their own funding on top of other funding opportunities (e.g. IAH), and/or align social housing regeneration with other city initiatives to improve the viability/attractiveness of a project.

- Some service managers such as York Region and the City of Hamilton have engaged the LHCs to conduct multi-year business plan, capital plan, or multi-year budgeting, which could be used to strengthen financial planning and management.
- Some service managers conducted a review of City/Region/County owned properties to identify suitable properties for housing development. Some others purchased properties deemed appropriate for housing development. These properties are donated or sold at a discounted price to housing providers to support affordable housing development.
- Some service managers coordinated bulk purchasing opportunities with all housing service providers for cost saving.

**The Local Housing Corporation is an important part of portfolio regeneration planning and finding cost saving opportunities in housing operation:**

- In LHC regeneration planning, we observed two major planning approaches:
  - Planning efforts and resources are directed to a targeted community (e.g. Rideau Heights), when there is a large concentration of LHC units and when priority is given to dilute the concentration to achieve multiple objectives (e.g. reduce crime); or,
  - More commonly, planning efforts start with a review of the entire portfolio to identify the capital requirements and overall social/financial performance project by project, which is used to inform the decisions to redevelop, retrofit, regular maintenance, or divestiture. This type of analysis could help LHCs prepare themselves to respond to opportunities for potential growth and redevelopment.
  - Many LHCs are also undertaking long range financial and capital planning, such as Ottawa and York, to identify funding strategies for implementing the portfolio management decisions systematically, and ensuring resources are used effectively. Similarly, CityHousing Hamilton conducts multi-year business planning that identifies major initiatives, how they align with the City's strategic priorities, and the anticipated funding sources.
- Many LHCs actively identify potential cost saving (e.g. choice base letting, energy saving education, optimizing human resources/consolidate staff positions) and revenue generation (e.g. sale of energy) opportunities. Some LHCs negotiated with the city to keep the savings and contribute to a reserve fund for capital repairs or new construction. By granting this, the City incentivizes LHCs to increase revenues while controlling costs.

**Sale of scattered units is a low-hanging fruit in most areas to start regenerating the housing stock:**

Sale of scattered LHC units is a common practice in many service areas. To many LHCs, this is a low hanging fruit to achieve several regeneration objectives:

- The scattered units typically have higher operating costs. It is therefore cost effective to replace them with newer, energy efficient and higher density units;
- In most service areas the demand for large, family sized units is low compared to smaller unit types. Selling these units offers an opportunity to realign demand and supply;
- In most service areas the sale of scattered units is relatively easy due to a general desirability of ground-oriented units in the private ownership market. This could generate funding for replacing the sold RGI units and potentially introduce new net units.
- In most service areas the proceeds are contributed to a funding envelope for a specified use, which is usually to build new housing.

**New Developments and redevelopments are self-sufficient, energy efficient, and mostly small in scale:**

New developments across the service areas reviewed share a few common traits:

- They are designed to follow a self-sufficient financial model with no requirement for additional ongoing subsidy. This is usually achieved by securing a significant upfront capital contribution, incorporating a range of housing and incomes (e.g. RGI, AMR, market), and building an energy efficient building.
- As previously discussed, the capital contribution is typically from a mix of funding sources and incentives, including IAH, service manager and/or lower-tier municipal contribution of capital and/or land, planning fees/levies exemption, contribution from private/non-profit/institutional partners, and LHC reserve (e.g. proceeds from scattered unit sales). Service managers play a key role in allocating, securing, and strategically aligning these funds, as well as endorsing debt financing.
- In tighter rental markets, the inclusion of a market rent component could also contribute to the self-sufficiency of a new project. Adopting this method would promote income mixing at the same time, which has further social and financial benefits.
- New housing developments, whether developed by LHCs or other providers, are mostly offering affordable rents, ranging from 60% to 100% AMR, depending on the level of capital contribution received. New RGI units at these projects are replacement units for the sold or demolished units. There are few examples of a service manager expanding the RGI supply, which is simply due to the short and long term financial burden they present.
- Where RGI replacements are involved, the “self-sufficient” financial model typically involves continued operating subsidy commitment from the service managers. This

commitment is allocated towards “project revenue” by lending institutions during mortgage/loan approval process. Given the low rental rates of RGI housing, continued ongoing subsidy from the service manager is required.

- The majority of the new developments are small in scale. The reasons for this include:
  - Under the premise of self-sufficiency, available funding can only support small projects.
  - Smaller projects could lower the risk of community opposition and delays in planning approval.
  - Smaller projects can also be scattered across a service area, contributing to lower concentration of affordable housing and a diversified offering across many communities.
- Most new projects are located in areas where a mix of services and public infrastructure are available.
- The new developments are typically designed with enhanced accessibility features and the highest level of energy efficiency features to minimize ongoing operating costs.

Affordable housing redevelopment across the service areas generally include:

- Intensification, e.g. replace a duplex with a group of townhomes.
- Additions to existing structure.
- Modest mid-rise buildings.
- There are few large scale redevelopments outside of Toronto. This type of redevelopment could not rely solely on government and LHC funding and would typically require partnership with development industry through the introduction of market housing.

### **Consider alternatives to building new housing:**

In many of the service areas, new units are introduced to address the lack of affordable rental housing in the area, indicated by a tight vacancy rate and escalating rents. In the City of Greater Sudbury, where rental vacancy is among the highest in Ontario, extra caution should be taken before introducing new units. There are a few options undertaken by other service managers to deliver RGI assistance and fulfill service level standards without having to build brick-and-mortar projects. These options include:

- Hamilton replaced part of the sold RGI units through rent supplement, the city also funds its own housing allowance program;
- The recent HSA amendments enable portable housing benefits to be counted towards service level standards. As discussed in this report, portable housing benefits are more effective in a market like Greater Sudbury, where vacancy rates are higher and rents are relatively low, than in areas where housing options are very tight.

The City of Greater Sudbury

# **GSHC Real Estate Portfolio Analysis**

Background Report

N. BARRY LYON CONSULTANTS LIMITED

NOVEMBER 2018



# GSHC Real Estate Portfolio Analysis

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*The conclusions contained within this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.*

*This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.*

## 1.0 Introduction

N. Barry Lyon Consultants Limited has been retained by the City of Greater Sudbury to develop a Social Housing Revitalization Plan, which aims to develop a range of strategies designed to revitalize and optimize the aging social housing stock. The following background report provides an analysis of the Greater Sudbury Housing Corporation's (GSHC) real estate portfolio. The purpose of this report is to understand how operating and capital costs fluctuate by building type and by individual buildings within the GSHC portfolio.

As the GSHC operates an entirely RGI asset class, revenues are not an indication of a building's performance or relative strength. For this reason, operating and capital costs will be the primary data used to assess how a particular asset performs relative to other buildings managed by the GSHC. Other information such as alignment with current and projected demand, end of debentures, required grant repayments, locational strengths/weakness, unit turnover rates, and other similar items will also be evaluated.

Based on this analysis, assets will generally be sorted into one or more of the following categories:

- **Retain:** Assets are generally in good shape, perform well, and meet the needs of current and future tenants. These buildings will be retained and all required capital repairs will be made. Renovations and other investments (e.g. energy retrofits, design interventions, green space implementation, etc.) could also be considered on a site by site basis.
  - These assets will require base capital repairs to ensure they can remain operational and can be safely occupied. Some assets may require more significant capital investments, but remain useful components of the GSHC portfolio and should therefore be retained.
- **Revitalize and Retain:** Assets are generally challenged due to one or more prevailing issues. These buildings may not be strategically located from a redevelopment perspective, would command a modest value if sold, or other contributing factor that would make the asset less desirable for redevelopment or disposition. Revitalization actions are required at these assets to improve the living conditions, desirability and attractiveness of the asset/community, reduce the high operating costs and/or capital liability, and other actions to ensure the asset is restored as a useful component of the GSHC portfolio. Investments such as interior renovations, exterior façade improvements, site design interventions (e.g. public parks, art, community programming, community hub/space, etc.) could all be considered. Other factors such as converting some units to AMR or market housing to promote income-mixing could also be considered.
- **(Re)development:** Could include total or partial redevelopment of large sites, demolition and new development on existing sites, new development on underutilized or vacant lands, as well as significant alterations to existing assets (e.g. converting a large home into two smaller apartments, expanding an existing apartment building, etc.).

- **Dispose:** These assets should be sold to generate capital for investment efforts elsewhere. This could include a market sale or selling a home to existing RGI tenants or other qualifying purchaser through an affordable ownership program.

This document will provide a foundational piece of analysis to determine specific actions to be undertaken through the revitalization plan. While this report provides preliminary key findings for each asset based on the analysis completed, a supplementary covering report will be prepared in consultation with the City of Greater Sudbury and the GSHC that will sort each asset into one or more of the above categories. Due to the fact that there are not enough resources to fully redevelop all buildings, some assets may be sorted into more than one category (e.g. retain until funding becomes available for redevelopment).

## 2.0 GSHC High Level Portfolio Analysis

The GSHC has provided the operating costs of all building within their portfolio by product type, which is summarized by **Table 1**. These costs generally fall into two categories:

- **Specific costs known for each building:** These are costs that the GSHC can directly attribute to a specific building through their accounting practices. These costs generally indicate the performance of a specific building or building type.
- **Lump costs for the entire portfolio:** These are costs that the GSHC cannot directly attribute to a specific building through their accounting practices. Rather, these costs are known as a total lump sum for the entire portfolio. For example, field staff salaries are paid as a lump sum to employees and the GSHC does not track how much of staff resources are devoted to a specific building. Instead, these costs have been converted from a single lump sum to a total per rentable room, and then applied to individual buildings across the portfolio based on the number of rentable rooms in each building.
  - While the above allows the GSHC to allocate portfolio wide costs, it does not accurately reflect the true costs that each building will generate. Using the same example as above, a building with a low number of rentable rooms may require greater staff resources than a building with more rentable rooms, but this will not be reflected by the data due to the allocation methodology.
  - Due to the above, we have provided the total operating costs in this table, but the analysis completed in this chapter and throughout the report will focus primarily on the “specific costs known for each building”.

**Table 1** provides a number of key findings:

- **Scattered Units:** Overall, the scattered units are the most expensive building type to operate on a per unit basis. These units cost nearly \$3,750 (per unit) annually to operate based on all costs that are specifically known for each building, which is about \$1,300 more than the high-rise apartment units on average.
  - The scattered units are more expensive on average due to the fact that utility costs are much more expensive than the other building types, reaching nearly \$2,900 per unit. This is primarily due to the high costs of delivering gas and water to these units, which are also likely inflated by the fact that these are larger units with larger household sizes, relative to the apartment buildings, which will result in higher utility costs. Apartment buildings can also achieve higher efficiencies through centralized HVAC systems and a centrally controlled temperature system.

Table 1

2017 Operating Cost Summary Table										
	Scattered Units		Townhomes		Low-Rise Apartment		High-Rise Apartment		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building										
Total Units	241		547		294		766		1,848	
Total Utilities	\$690,952	\$2,867	\$1,121,762	\$2,051	\$560,564	\$1,907	\$1,074,853	\$1,403	\$3,448,130	\$1,866
Gas	\$346,516	\$1,438	\$537,324	\$982	\$126,127	\$429	\$287,528	\$375	\$1,297,495	\$702
Hot Water Tank Rentals	\$47,682	\$198	\$93,453	\$171	\$7,311	\$25	\$8,449	\$11	\$156,896	\$85
Water	\$248,736	\$1,032	\$437,240	\$799	\$130,161	\$443	\$203,613	\$266	\$1,019,750	\$552
Electricity	\$48,017	\$199	\$53,745	\$98	\$296,965	\$1,010	\$575,262	\$751	\$973,989	\$527
Turnover Rate	20%		25%		23%		18%		21%	
Move Out Costs	\$74,180	\$308	\$211,020	\$386	\$66,842	\$227	\$136,405	\$178	\$488,447	\$264
Maintenance	\$137,771	\$572	\$463,604	\$848	\$402,663	\$1,370	\$655,612	\$856	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$8	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$41	\$0	\$3,348	\$6	\$2,057	\$7	\$8,996	\$12	\$14,441	\$8
<b>Sub-total</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$1,875,866</b>	<b>\$2,449</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms										
Property Insurance	\$39,773	\$165	\$87,376	\$160	\$33,166	\$113	\$80,428	\$105	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$17,453	\$72	\$38,342	\$70	\$14,554	\$50	\$35,293	\$46	\$105,642	\$57
Field Staff Salary and Benefits	\$235,799	\$978	\$518,017	\$947	\$196,626	\$669	\$476,821	\$622	\$1,427,263	\$772
General Maintenance	\$19,686	\$82	\$43,247	\$79	\$16,415	\$56	\$39,808	\$52	\$119,155	\$64
<b>Sub-total</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$632,349</b>	<b>\$826</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$2,508,215</b>	<b>\$3,274</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

Source: GSHC, summarized by NBLC

- The scattered units have an average turnover rate that is slightly better than the portfolio average of 21% annually. While this will limit the vacancy loss of these units, the larger size of the home relative to apartment units will result in more resources and work being necessary to prepare a unit for a new tenant. This is confirmed by the data, as the move out costs for the scattered units are much higher than the high and low-rise apartments.
  - Maintenance costs are much lower for the scattered units than all of the other building types. This is because there is less maintenance required for these homes as many items are completed by the tenant or municipality, such as snow removal, yard/grounds maintenance, and garbage removal. Other issues such as pest control and many of the labour contracts necessary for apartment buildings are not required for the scattered homes. We also understand that scattered units received SHRRP funding (new windows, doors, roofs, blue skin foundation, etc.), which may further explain the lower maintenance fees.
  - While not quantifiable due to data limitations, we understand that more staff and other maintenance resources and costs are required for the scattered homes than the apartment buildings and large townhome blocks.
  - Currently, a scattered unit is over 50% more expensive to operate annually than a high-rise apartment unit. These homes also do not address the demand characteristics of those in need of affordable housing and are the most marketable building type in the GSHC portfolio from a market/sale perspective.
- Townhomes: The townhomes managed by the GSHC are about \$500 cheaper to operate than the scattered units on an annual basis. Notwithstanding this, they are still 34% more expensive to operate on a per unit basis than a high-rise apartment unit.
  - Townhomes outperform the scattered units because utility costs are significantly cheaper, primarily due to less expensive gas and water delivery.
  - The townhomes experience the highest turnover rate of all building types in the GSHC portfolio, with 25% of units turning over last year. The large size of the unit and high turnover rate results in townhomes having the highest move-out cost of all building types.
  - We understand that there are many internal transfer requests from townhomes to scattered units, which contributes to the high turnover rate.
  - Townhomes also require higher maintenance fees on average than the scattered units, which is primarily due to the requirement for greater grounds maintenance as well as greater labour costs/contracts due to common areas and other maintenance needs.
- Low-Rise Apartments: Despite achieving significant savings in most utilities and move-out costs relative to the low-density housing types, low-rise apartments are the second most expensive building type to operate on an annual basis from a per-unit perspective.

- Many of the low-rise apartments are fueled by electric heating, which results in significantly higher electricity costs. Smaller units and household sizes, as well as electric heating, also explain the lower gas and water bills relative to the low-density units.
  - Move out costs are cheaper for the low-rise apartments despite this building type accommodating a higher number of turnovers. This is due to the smaller unit sizes and less resources/costs required to prepare an apartment unit for the next tenant.
  - Average maintenance fees are significantly more expensive for the low-rise apartments than any other building type. This is due to greater resources and labour being required for various contracts such as pest control, janitorial work, summer grounds maintenance, winter grounds and snow removal, sidewalk snow removal, garbage and recycling fees, and other similar items. These extra costs that largely do not exist, or do not occur at the same magnitude for scattered and townhome blocks, result in higher maintenance fees. These costs are also spread over a fewer number of units when compared to the high-rise buildings.
- **High-Rise Apartments:** High-rise apartment buildings are by far the least expensive unit to operate. This building type is approximately 53% cheaper to operate than the scattered units, 44% less expensive than low-rise apartments, and 34% less expensive than the townhomes on average.
  - High-rise apartments experience the lowest utility bills overall, at only \$1,400 on average (compared to nearly \$2,900 for the scattered units). It is much more efficient to deliver all utilities in a single building, and the majority of the high-rise buildings are fuelled by natural gas.
  - These buildings also experience less unit turnover and are the cheapest to service at move-out. The lower move-out costs are due to the low turnover rate as well as the smaller unit size and standardized features.
  - The high-rise apartments are also less expensive in terms of maintenance than the low-rise apartments, even though they have similar maintenance requirements. This is due to economies of scale (costs being spread over larger number of units) and also due to the fact that greater GSHC staff resources are devoted to the high-rise building than the low-rise apartments, which likely lowers the maintenance costs. For example, snow clearance is undertaken by internal GSHC staff, whereas this work is contracted out for the low-rise apartments and townhome blocks.
  - Of note, if all buildings in the GSHC portfolio were as efficient as the high-rise apartments, there would be an annual savings of approximately \$850,000.
  - The high-rise apartments also provide mostly one-bedroom units, which addresses the most pressing need for affordable housing as per the waitlist.

**Table 1** has been recreated for each building/project within the GSHC portfolio, which is contained in the following section of this report.

When looking at capital needs by building type, **Table 2** illustrates the total unfunded capital need as of 2018 and the projected capital need by 2046. It is observed that the low-rise apartments currently show the greatest capital need on a per unit basis of over \$35,600, whereas the scattered units show the lowest capital need of only \$16,000 per unit on average. By 2046, the low-rise apartment buildings will require more than double the average capital cost per unit than the other building types. Scattered units will still be the cheapest building type by 2046 in terms of capital needs per unit.

While the required capital costs for various assets appears large, especially the projected 2046 capital needs, it is noted that these costs are still generally below the cost of actually replacing these units through new development when all hard construction costs (including demolition of existing assets) and soft development costs are considered. Similar to the approach of other service managers, the focus should therefore be on retaining, and where appropriate revitalizing, as much of the current portfolio as possible.

**Table 2**

<b>Capital Needs by Building Type</b>					
<b>Building Type</b>	<b>Total Units</b>	<b>2018 Capital Need</b>	<b>Capital Need Per Unit</b>	<b>2046 Capital Need</b>	<b>Capital Need Per Unit</b>
High-Rise Apartments	766	\$16,519,746	\$21,566	\$79,104,327	\$103,269.36
Low-Rise Apartments	294	\$10,470,971	\$35,616	\$65,972,609	\$224,396.63
Townhomes	547	\$10,558,807	\$19,303	\$57,496,703	\$105,112.80
Scattered Units	241	\$3,841,218	\$15,939	\$16,673,879	\$69,186.22
<b>Total</b>	<b>1848</b>	<b>\$41,390,742</b>	<b>\$22,398</b>	<b>\$219,247,518</b>	<b>\$118,640.43</b>

Source: GSHC, summarized by NBLC

The GSHC also completed an Energy Management Plan in March 2014 that was designed to implement a wide range of actions to reduce energy consumption, with a goal of reducing the environmental footprint of GSHC assets and also reducing utility costs and operating costs. In total, the GSHC has implemented over \$7.3 million in energy conservation investments by leveraging self-funding strategies as well as generous funding from senior levels of government. The GSHC is nearly complete all conservation projects that are economically viable. Once the last few projects are complete, major energy retrofit and conservation efforts will largely be complete and remaining work will primarily consist of end-of-life replacements (e.g. replace failed equipment with higher efficiency infrastructure, install insulation when replacing roof, etc.).

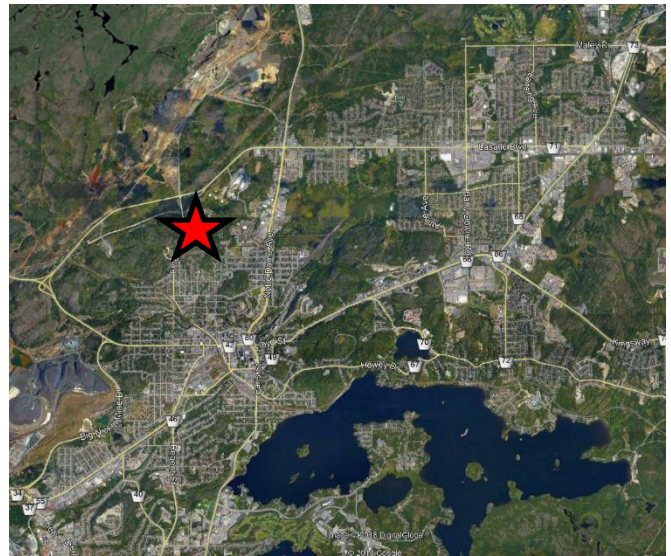


### **3.0 Analysis of each Building/Project in the GSHC Portfolio**

## Cabot Park – 57 and 61 Cabot Street (Low-Rise Apartments) and 68 Townhome Units



**Project Description:** Cabot Park is comprised of 68 units in a series of townhomes/semi-detached buildings and 20 units in two small apartment buildings at 57 and 61 Cabot Street, for a grand total of 88 units. The community is located in the Donovan neighbourhood. Overall, the community includes 20 two-bedroom units, 44 three-bedroom units, and 24 four-bedroom units. The project is classified as a “Family” project by the GSHC given the larger unit sizes and low-density product type.



#### **Building Characteristics:**

- Property Age: Constructed in 1963 - 55 years old
- Heat Source: Natural Gas
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2014

**Low-Density Operating Costs:** The operating costs for the low-density units at Cabot Park are approximately \$345,000, which includes about \$255,000 that is directly attributable to the project. The other \$89,000 is made up of costs that are not directly attributable to any project, but rather are costs that the GSHC encounters to operate the portfolio, which have been distributed across each project in the portfolio based on the total number of rentable rooms.

Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,760, which is similar to the average scattered unit across the GSHC portfolio but higher than the average of all units across the GSHC portfolio (see operating cost summary Table). Some key findings are as follows:

- While utility costs are similar to most scattered units in the portfolio, they are much more expensive than the typical unit across the portfolio, with the average high-rise apartment requiring only \$1,400 per unit for utilities relative to \$2,800 for Cabot Park.
- The turnover rate was high at Cabot Park, with 26% of all units turning over in 2017 (compared to only 20% and 21% for all scattered units and all units in the portfolio respectively). The project therefore experiences significantly higher move-out costs, averaging \$400 per unit on average (compared to \$250 on average across the portfolio). Move-out costs will generally be higher on a per unit basis for scattered units as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Higher turnover rates will result in higher vacancy loss, which will negatively impact revenues in addition to the higher costs noted here.
- Maintenance costs are less expensive on a per unit basis for Cabot Park. Generally, maintenance costs are lower for scattered units and higher for apartments across the GSHC portfolio.
- Operating costs increased by \$65 between 2017 and 2018, indicating relative cost stability over the past year.



2017 Operating Cost Summary Table - Cabot Park Scattered Units						
	Cabot Park		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	68		241		1,848	
Total Utilities	\$191,191	\$2,812	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$97,891	\$1,440	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$17,024	\$250	\$47,682	\$198	\$156,896	\$85
Water	\$67,709	\$996	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$8,567	\$126	\$48,017	\$199	\$973,989	\$527
Turnover Rate	26%		20%		21%	
Move Out Costs	\$27,462	\$404	\$74,180	\$308	\$488,447	\$264
Maintenance	\$36,957	\$543	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$41	\$1	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$255,652</b>	<b>\$3,760</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$11,311	\$166	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$4,963	\$73	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$67,058	\$986	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$5,598	\$82	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$88,931</b>	<b>\$1,308</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$344,583</b>	<b>\$5,067</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

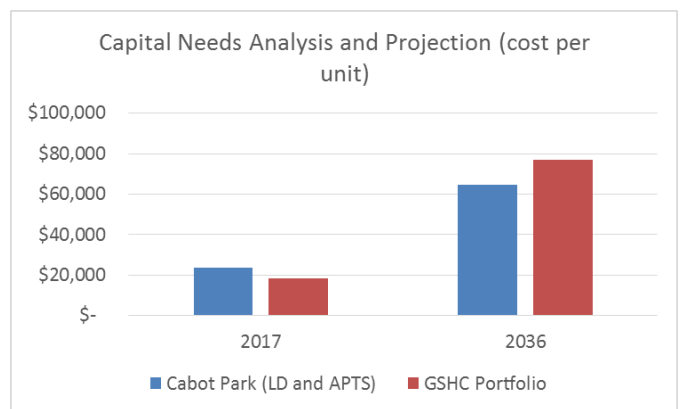
2017 Operating Cost Summary Table - Cabot Park Apartments						
	Cabot Park		Low-Rise Apartment		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	20		294		1,848	
Total Utilities	\$45,538	\$2,277	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$23,398	\$1,170	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$3,987	\$199	\$7,311	\$25	\$156,896	\$85
Water	\$15,824	\$791	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$2,328	\$116	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	55%		23%		21%	
Move Out Costs	\$10,776	\$539	\$66,842	\$227	\$488,447	\$264
Maintenance	\$32,770	\$1,639	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$109	\$5	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$89,193</b>	<b>\$4,460</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$2,558	\$128	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$1,122	\$56	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$15,164	\$758	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$1,266	\$63	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$20,110</b>	<b>\$1,006</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$109,303</b>	<b>\$5,465</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Low-Rise Apartment Operating Costs:** The operating costs (specifically known for each building) of the low-rise apartments at Cabot Park are \$89,000, resulting in a per unit cost of \$4,460 (\$5,465 per unit when all costs are considered).

It is therefore more expensive to operate the apartments than the low-density homes at this project on a per unit basis. Overall, the apartments at Cabot Park are almost \$1,000 more expensive to operate than other low-rise apartments in the GSHC portfolio and over \$1,400 more expensive than the average unit in the GSHC portfolio. The following observations are noted:

- Utilities are more expensive than other low-rise apartments in the GSHC portfolio due to very high gas costs. While this is offset by the lower electrical costs (as Cabot Park is fueled with natural gas), Cabot Park experiences high utility costs relative to other projects in the portfolio.
- The turnover rate at Cabot Park was 55% in 2017, which is more than double the average of all units and the average low-rise apartment in the GSHC portfolio (21% and 23% respectively). This results in significantly higher move out costs and vacancy loss.
- Maintenance costs at Cabot Park are also twice as expensive as the average unit in the GSHC portfolio.

**Low-Density Capital Needs:** These homes currently have an unfunded capital need of \$1.8 million, representing \$26,526 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$3.8 million or \$56,721 per unit (portfolio average is \$77,000 per unit). As per Asset Planner, large capital repairs will be needed in both 2021 and 2022 of \$511,000 and \$275,000 respectively.



**Low-Rise Apartment Capital Needs:** The 20 apartments currently have an unfunded capital need of \$289,000 or \$14,463 per unit. By 2036, the capital need would increase to \$1.8 million or \$91,304 per unit. Of note, the most significant capital repair (as per Asset Planner) is required in 2020, which is expected to cost \$695,000.

**Overall Utilization of the Site:** The site is currently underutilized from a land use perspective and could accommodate greater density. The townhome block structure, building setbacks, curvilinear road, open space, and low-rise building forms all contribute to an underutilization of the property. The large property and adjacent apartment buildings are likely to support higher-density and more compact urban development.

**Wait List Data:** The apartment buildings once had as many as 50 households on the wait list, but this has shrunk to 14 households as of 2016 and only 3 as of 2017. The low-density homes also currently have only 2 households on the wait list, which has been consistently small since 2011. This compares with other projects offering one-bedroom units in the area that have well over 300 households waiting.

**Locational Attributes:** The site is closely surrounded by a significant number of other affordable housing units, which could allow for strong delivery of social/community services that are in demand from vulnerable populations. On the other hand, concentrated affordable housing can result in social and economic consequences. While the property is serviced by transit, it is relatively disconnected from the Donovan neighbourhood and other areas in Greater Sudbury.

**Appraised Value:** The two apartment buildings were appraised in 2009 for \$35,000 per unit. A three-bedroom semi-detached home within Cabot Park was appraised at \$150,000 in 2017 for the purpose of extrapolation. This would represent a total sale value of \$10.9 million if the entire property was sold and no adjustment was made for the old appraisal for the

apartment buildings. The market for the apartment buildings is likely to be weak, which will be further impacted by the capital needs of the building.

**Key Findings:** Overall, Cabot Park experiences low levels of demand due to the large suites and absence of one-bedroom units. The project is significantly more expensive to operate on a per unit basis than the rest of the portfolio. The project is old and will require significant capital investments to remain in operation to 2036, which is forecasted to be approximately \$5.6 million for both the low-density and apartment units. While this capital investment would allow Cabot Park to remain operational, it would allocate significant resources to a property that is expensive to operate and does not adequately address current or forecasted affordable housing demand. The property is underdeveloped and could accommodate more housing if redeveloped appropriately. This project also does not owe any SHRRP or other subsidies and has already reached the end of debentures, therefore presenting few financial or legislative complications. Cabot Park requires significant revitalization efforts in the short term, which can range from redevelopment to repurposing the site or disposal.

715 Burton Avenue (Low Rise Apartment)

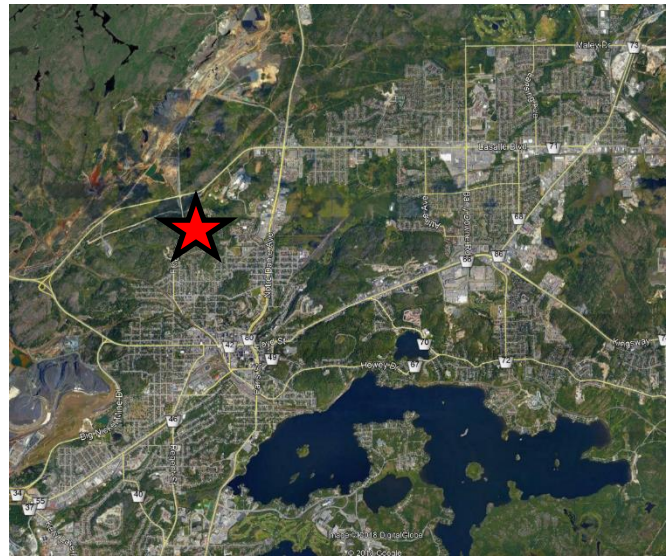




**Project Description:** 715 Burton Avenue is a three-storey, 20 unit apartment building with a small surface parking lot. It is located in the Donovan neighbourhood in close proximity to the Cabot Park project. The 20 units are all one-bedroom suites and the project is classified as an “adult” building given the small unit size. The building is a walk-up apartment.

**Building Characteristics:**

- Property Age: Constructed in 1966 – 52 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Heat and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2014



**Operating Costs:** The operating costs for 715 Burton Avenue are \$75,279, of which approximately \$60,000 are directly attributable to the project.

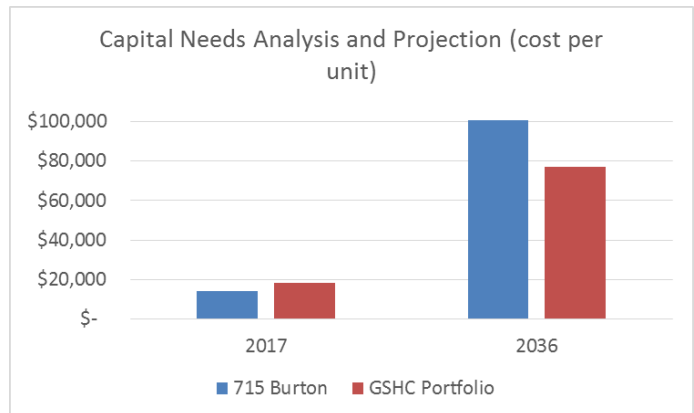
Of the costs directly attributable to the project, each of these units produce an operating cost of \$2,982, which is much less than the average low-rise apartment across the GSHC portfolio. In fact, 715 Burton Avenue is slightly cheaper to operate than the average unit across the entire GSHC portfolio. Some key findings are as follows:

- Utility costs are slightly less than other low-rise apartments in the GSHC portfolio and near the average of all units. The project experiences higher gas bills but lower electricity costs relative to other low-rise apartments given the natural gas heating (many low-rise apartments are electrically heated). Notwithstanding this commentary, utility costs for high-rise apartments are much cheaper.
- The turnover rate in 2017 was only 10%, which is much lower than all low-rise apartments (23%) and all units in the portfolio (21%). The project therefore experiences low move-out costs relative to other assets in the GSHC portfolio, which is due to the low turnover and smaller unit size (one-bedroom suites).
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate observed at 715 Burton will result in a lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis than the other low-rise apartments in the GSHC portfolio, however they are more expensive than the scattered units and high-rise apartments. Generally, maintenance costs are lower for scattered units due to the reasons discussed in Chapter 2 of this report. High-rise apartments also display a lower per-unit maintenance costs due to similar maintenance requirements being spread over a larger number of units.
- Operating costs decreased by about \$6,000 between 2017 and 2018.



2017 Operating Cost Summary Table - 715 Burton Avenue						
Item	715 Burton Avenue		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	20		294		1,848	
Total Utilities	\$36,671	\$1,834	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$14,573	\$729	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$1,786	\$89	\$7,311	\$25	\$156,896	\$85
Water	\$7,331	\$367	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$12,981	\$649	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	10%		23%		21%	
Move Out Costs	\$2,498	\$125	\$66,842	\$227	\$488,447	\$264
Maintenance	\$20,469	\$1,023	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$59,637</b>	<b>\$2,982</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$1,989	\$99	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$873	\$44	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$11,794	\$590	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$985	\$49	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$15,641</b>	<b>\$782</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$75,279</b>	<b>\$3,764</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of \$278,000, representing \$13,900 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$2.0 million or \$100,500 per unit (portfolio average is \$77,000 per unit). As per Asset Planner, the majority of these capital costs are required immediately (2018) and in 2025. Repairs include the replacement of kitchen cabinetry, building component repairs, and roof replacement. This data indicates that while the building currently has a lower capital need on a per unit basis than the average GSHC asset, it will require more significant capital investments looking forward.



**Overall Utilization of the Site:** The three storey building is modest and could likely be increased in height if redevelopment was contemplated, however built-form impacts with the low-density homes across the street must be considered. The surface parking lot also appears to be underutilized and could represent a development parcel for a modest building.

**Wait List Data:** The apartment building appears very popular amongst potential tenants and has consistently had more than 300 households on the wait list since 2011. This is due to the strong demand for one-bedroom units, however the long wait list combined with the low turnover rate indicates that the building is an attractive offering.

**Locational Attributes:** The site is closely surrounded by a significant number of other affordable housing units, which could allow for strong delivery of social/community services that are in demand from vulnerable populations. On the other hand, concentrated affordable housing can result in social and economic consequences. While the property is serviced by transit, it is relatively disconnected from the Donovan neighbourhood and other areas in Greater Sudbury.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise walk up apartments ranged between \$27,000 and \$36,000 per unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$540,000 to \$720,000 if the entire property was sold and no adjustment is made for the old appraisal values. Given demand profiles and the market characteristics in Sudbury, the market profile for this apartment building is expected to be modest. Ultimate pricing will be dependent on achievable rental rates and capital needs.

**Key Findings:** Overall, 715 Burton Avenue experiences low turnover and high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study. This results in a high number of households on the wait list and low unit turnover/vacancy loss. While the project is less expensive to operate than the GSHC portfolio on average, it will require around \$2.0 million in capital repairs by 2036, which is more expensive on a per unit basis than the average unit in the GSHC portfolio. The majority of the capital repairs are also needed in the short term. This project also does not owe any SHRRP or other subsidies and has already reached the end of debentures, therefore presenting few financial or legislative complications if redevelopment or disposal was contemplated. Given the parking lot and other underutilized lands on the site, a feasibility analysis of expanding the current building could be considered. Alternatively, a new building could be developed on the residual parcel if the parking lot is not necessary.

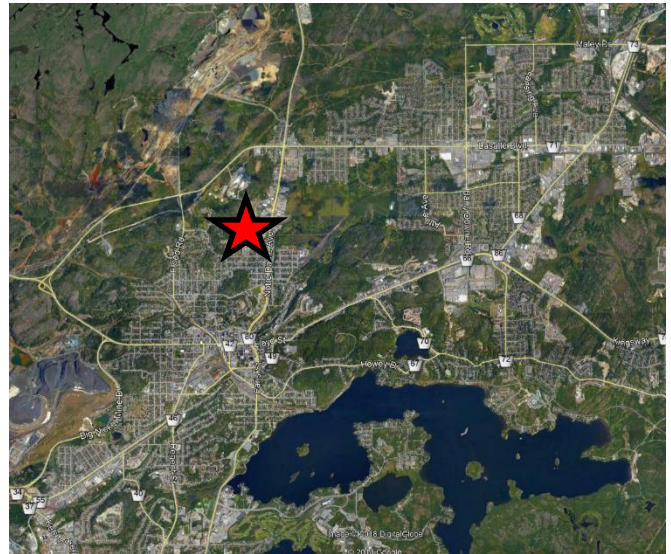


744 Bruce Avenue (Townhomes)





**Project Description:** 744 Bruce Avenue is the largest townhome complex in the GSHC portfolio. It contains 150 townhome units consisting of 45 two-bedroom suites, 93 three-bedroom suites, and 12 four-bedroom suites. It is classified as a “family” project by the GSHC given the larger unit sizes and low-density product type. The property contains a playground area at the southern end of the site and is immediately adjacent the 720 Bruce high-rise building operated by the GSHC. These units are two storey townhomes with integrated pod parking lots. We understand some three-bedroom units were converted to two-bedrooms at this location.



It is located in the Donovan neighbourhood in close proximity to the Cabot Park project, as well as other non-GSHC affordable housing projects.

### Building Characteristics:

- Property Age: Constructed in 1971 – 47 years old.
- Heat Source: Natural Gas
- Includes: Heat and cold/hot water, laundry tubs.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2020

**Operating Costs:** The operating costs for 744 Bruce Avenue are \$679,339, of which approximately \$500,000 are directly attributable to the project.

The operating costs on a per unit basis are approximately \$3,349 for the items that are directly attributable to the project, which is well above the portfolio average and also slightly higher than the average for all townhomes in the GSHC portfolio.

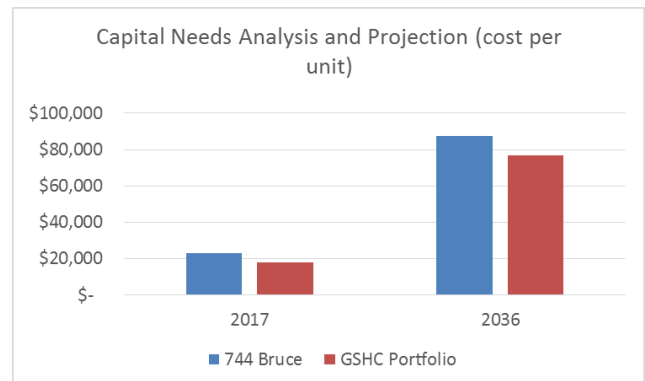
- Utility costs are in line with other townhomes operated by the GSHC but much higher than the GSHC portfolio wide average. This is likely due to the larger unit and household sizes as well as other efficiency/tenant behaviour issues.
- The turnover rate in 2017 was almost 30%, which is higher than the portfolio wide average (21%) as well as the average for other townhomes (25%). The project therefore experiences significantly higher move-out costs, averaging over \$400 per unit on average (compared to \$250 on average across the portfolio). Move-out costs will generally be higher on a per unit basis for scattered units and townhomes as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Higher turnover rates will result in higher vacancy loss, which will negatively impact revenues in addition to the higher costs noted here.
- Maintenance costs are generally in line with the average observed across the portfolio. Generally, maintenance costs are lower for scattered units due to the reasons discussed in Chapter 2 of this report. High-rise apartments also display a lower per-unit maintenance costs due to similar maintenance requirements being spread over a larger number of units.

- Operating costs decreased by over \$50,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 744 Bruce Avenue						
	720 Bruce Avenue		Townhomes		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	150		547		1,848	
Total Utilities	\$303,882	\$2,026	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$156,536	\$1,044	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$22,064	\$147	\$93,453	\$171	\$156,896	\$85
Water	\$112,128	\$748	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$13,155	\$88	\$53,745	\$98	\$973,989	\$527
Turnover Rate	29%		25%		21%	
Move Out Costs	\$64,682	\$431	\$211,020	\$386	\$488,447	\$264
Maintenance	\$133,573	\$890	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$233	\$2	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$502,371</b>	<b>\$3,349</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$22,508	\$150	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$9,877	\$66	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$133,443	\$890	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$11,140	\$74	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$176,968</b>	<b>\$1,180</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$679,339</b>	<b>\$4,529</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The townhomes currently have an unfunded capital need of \$3.5 million, representing \$23,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$13.1 million or \$87,500 per unit (portfolio average is \$77,000 per unit). The townhomes therefore require a slightly higher capital investment on a per unit basis currently and looking forward.

Of the 13.1 million projected capital need to 2036, approximately \$3 million is for the maintenance of the large property rather than the buildings.



**Overall Utilization of the Site:** As a low-density site, the development is fairly efficient and is designed with a compact townhome form. While there are large parking areas and green space, the townhomes appear to be relatively efficient. Notwithstanding this, there is room on the property to intensify either through new townhome blocks on parking areas or developing new taller apartment buildings on the site.

**Wait List Data:** There are currently only 12 households on the wait list for 744 Bruce Avenue, which has decreased in size considerably since 2011 when there were over 70 households waiting. The lower wait list is a common trend across the GSHC portfolio where a project does not offer one-bedroom suites. The high turnover rate also indicates a lack of satisfied demand.

**Locational Attributes:** The site is closely surrounded by a significant number of other affordable housing units, which could allow for strong delivery of social/community services that are in demand from vulnerable populations. On the other hand, concentrated affordable housing can result in social and economic consequences. The property is arguably better located than Cabot Park given the close proximity of commercial uses on Notre Dame Avenue.

**Appraised Value:** The townhomes were appraised in 2009 at \$25,000 for a two-bedroom, \$31,250 for a three-bedroom, and \$37,500 for a four-bedroom. There have been no updated benchmark appraisals for GSHC owned townhomes. This would represent a total sale value of approximately \$4.5 million if the townhomes were sold and no adjustment is made for the old appraisal values.

**Key Findings:** 744 Bruce has few households on the wait list and also experiences a high amount of unit turnover. The project features larger units that result in higher move-out costs as well as experiencing high vacancy loss due to the turnover rate. While these townhomes are cheaper to operate than the scattered units, they are still more expensive than the average unit across the GSHC portfolio. This site also has fairly significant capital needs to 2036 of over \$13 million. The high site maintenance costs and site capital needs are due to the large property size, which could be reduced if a more compact development was pursued on the site. While the project has not received any SHRRP grants, it will not reach end of debentures until 2021. While the site likely does not represent the most pressing revitalization need within the GSHC portfolio, actions should be considered to improve the properties attractiveness to tenants and alignment with demand profiles.



720 Bruce Avenue (High Rise Apartment)



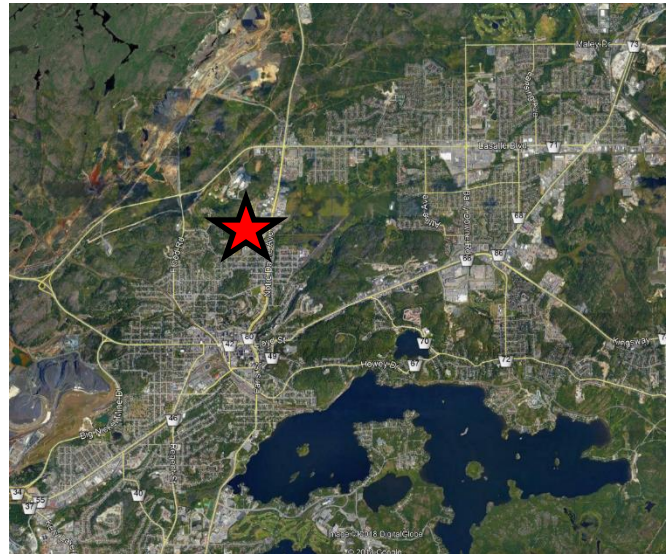


**Project Description:** 720 Bruce Avenue is the largest building in the GSHC portfolio. It is a high-rise apartment consisting of 250 units that was once a senior's only building, but is now classified as an "adult" building by the GSHC. It contains 250 one-bedroom units and 1 two-bedroom unit. There is a large vacant parcel immediately to the southwest of the tower (GSHC owned) that the GSHC is interested in developing. The tower is also immediately adjacent the large GSHC townhome block known as 744 Bruce Avenue.

It is located in the Donovan neighbourhood in close proximity to the Cabot Park project, as well as other non-GSHC affordable housing projects. The building is 17-floors.

#### **Building Characteristics:**

- Property Age: Constructed in 1972 – 46 years old.
- Elevator: Yes
- Heat Source: Electric
- Includes: Heat and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$390,589; SHARP Investment: \$2.3 million; SHIP Investment: \$738,308
- EOD: January 1<sup>st</sup>, 2020



**Operating Costs:** The operating costs for 720 Bruce Avenue are \$769,295, of which approximately \$573,000 are directly attributable to the project.

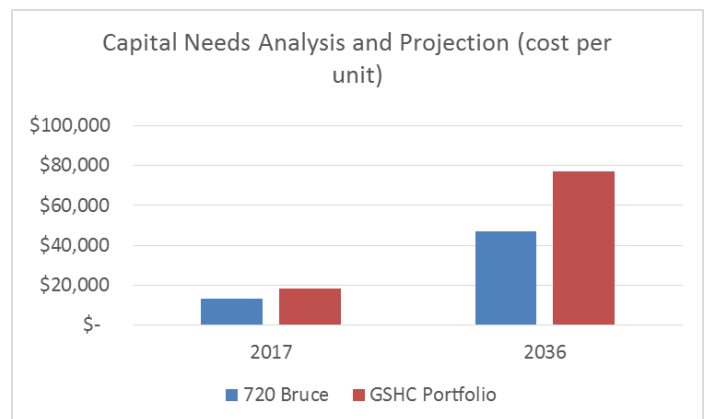
The operating costs on a per unit basis are approximately \$2,282 for the items that are directly attributable to the project, which is significantly lower than the overall GSHC average and slightly below the average for all high-rise buildings in the portfolio. Some key findings are as follows:

- Utility costs are well below the low-density housing types and the portfolio-wide average despite the electric heating system.
- The turnover rate in 2017 was 16%, which is below the portfolio wide average (21%) as well as the average for other high-rise apartments (18%). The project therefore experiences low move-out costs relative to other assets in the GSHC portfolio, which is due to the low turnover and smaller unit size (one-bedroom suites).
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis than the other high-rise apartments in the GSHC portfolio. Generally, maintenance costs are lower for scattered units due to the reasons discussed in Chapter 2 of this report. High-rise apartments also display a lower per-unit maintenance cost due to similar maintenance requirements being spread over a larger number of units.

2017 Operating Cost Summary Table - 720 Bruce Avenue						
Item	720 Bruce Avenue		High-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	251		766		1,848	
Total Utilities	\$346,434	\$1,380	\$1,074,853	\$1,403	\$3,448,130	\$1,866
Gas	\$51,901	\$207	\$287,528	\$375	\$1,297,495	\$702
Hot Water Tank Rentals	\$8,449	\$34	\$8,449	\$11	\$156,896	\$85
Water	\$54,240	\$216	\$203,613	\$266	\$1,019,750	\$552
Electricity	\$231,844	\$924	\$575,262	\$751	\$973,989	\$527
Turnover Rate	16%		18%		21%	
Move Out Costs	\$44,459	\$177	\$136,405	\$178	\$488,447	\$264
Maintenance	\$179,427	\$715	\$655,612	\$856	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$2,455	\$10	\$8,996	\$12	\$14,441	\$8
<b>Sub-total</b>	<b>\$572,775</b>	<b>\$2,282</b>	<b>\$1,875,866</b>	<b>\$2,449</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$24,995	\$100	\$80,428	\$105	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$10,968	\$44	\$35,293	\$46	\$105,642	\$57
Field Staff Salary and Benefits	\$148,185	\$590	\$476,821	\$622	\$1,427,263	\$772
General Maintenance	\$12,371	\$49	\$39,808	\$52	\$119,155	\$64
<b>Sub-total</b>	<b>\$196,520</b>	<b>\$783</b>	<b>\$632,349</b>	<b>\$826</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$769,295</b>	<b>\$3,065</b>	<b>\$2,508,215</b>	<b>\$3,274</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of \$3.3 million, representing \$13,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$11.7 million or \$46,750 per unit (portfolio average is \$77,000 per unit). This indicates that the capital need on a per unit basis is currently cheaper than the portfolio average, which will still be the case by 2036.

As per Asset Planner, steady capital repairs are necessary over the forecast period.



**Overall Utilization of the Site:** The property is currently well utilized with a high-rise tower, however there is a vacant parcel immediately adjacent the site that is owned by the GSHC. The GSHC has recently submitted an IAH application to the City to develop this property with a mid-rise apartment building, however did not receive funding.

**Wait List Data:** The apartment building appears very popular amongst potential tenants and has consistently had more than 300 households on the wait list since 2011. This is due to the strong demand for one-bedroom units, however the long wait list combined with the low turnover rate indicates that the building is an attractive offering.

**Locational Attributes:** The site is closely surrounded by a significant number of other affordable housing units, which could allow for strong delivery of social/community services that are in demand from vulnerable populations. On the other hand, concentrated affordable housing can result in social and economic consequences. The property is arguably better located than Cabot Park given the close proximity of commercial uses on Notre Dame Avenue.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other high-rise apartments with an elevator were approximately \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$6.28 million if the building was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on achievable rental rates and capital needs.

**Key Findings:** Overall, 720 Bruce Avenue experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study. This results in a high number of households on the wait list and low unit turnover/vacancy loss. The property meets the current and future needs of tenants and has elevator access, which will continue to be popular amongst tenants as the population ages. The building is one of the least expensive projects to operate and will require lower capital costs on a per unit basis relative to other assets in the portfolio. The project received significant funding grants that will require repayment and will not reach end of debentures until 2021. Overall, the building appears to be an attractive and useful component of the GSHC housing portfolio and offers the opportunity for intensification on the adjacent vacant parcel and 744 Bruce Avenue.

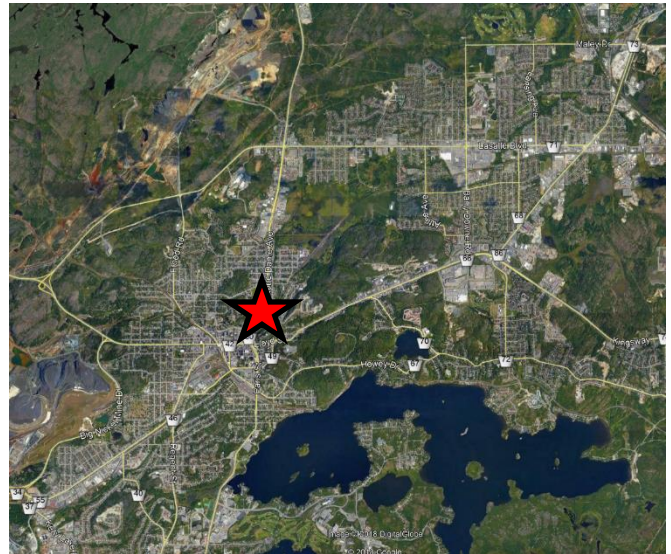


166 Louis Street (High Rise Apartment)





**Project Description:** 166 Louis Street is a five-storey building located adjacent downtown Sudbury. The building contains 30 bachelor and 20 one-bedroom suites for a grand total of 50 units. The building is classified as an “adult” building by the GSHC. The tower is a part of a larger GSHC social housing block consisting of townhomes and low-rise apartments on the property and across the street at 159 Louis Street. There are also a number of non-profit and co-op social housing projects in the immediate area. The property accommodates a surface parking lot.



#### **Building Characteristics:**

- Property Age: Constructed in 1970 – 48 years old.
- Elevator: Yes
- Heat Source: Natural Gas
- Includes: Heat and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$326,234; SHIP Investment: \$50,000
- EOD: January 1<sup>st</sup>, 2018

**Operating Costs:** The operating costs for 166 Louis Street are \$191,516, of which approximately \$159,000 are directly attributable to the project.

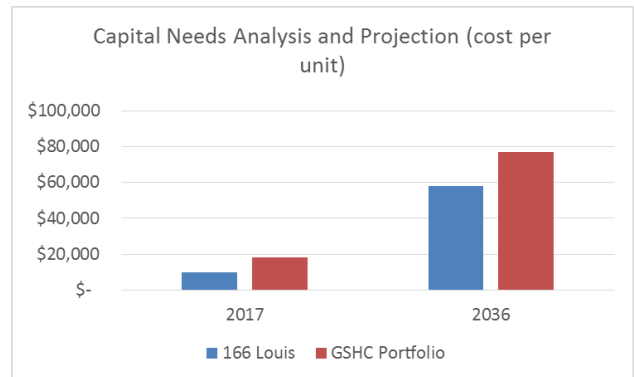
The operating costs on a per unit basis are approximately \$3,182 for the items that are directly attributable to the project, which is much more expensive than the typical high-rise apartment. However, the operating costs are below the typical low-rise apartment and scattered unit. Some key findings are as follows:

- Utility costs are slightly lower than the average for all high-rise apartments in the GSHC portfolio.
- The turnover rate is higher for this building (24%) than the portfolio wide average (21%) as well as the average for other high-rise apartments (18%). The project therefore experiences higher move-out costs relative to other assets in the GSHC portfolio. Of note, move out costs includes cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The higher turnover rate will result in a higher vacancy loss.
- Maintenance costs at 166 Louis Street are nearly double the maintenance costs on a per unit basis than other assets in the GSHC portfolio, which is the greatest contributor to the overall high operating costs at this building. The maintenance costs of \$1,595 per unit are significant, however this could be due to the large size of the site, allocation assumptions related to the low-rise apartments/townhomes of the adjacent GSHC structures, and other similar concerns. Other than the maintenance category, this asset appears to perform well from an operating cost perspective.
- Operating costs decreased by nearly \$20,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 166 Louis Street						
Item	166 Louis Street		High-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	50		766		1,848	
Total Utilities	\$68,409	\$1,368	\$1,074,853	\$1,403	\$3,448,130	\$1,866
Gas	\$20,886	\$418	\$287,528	\$375	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$8,449	\$11	\$156,896	\$85
Water	\$20,031	\$401	\$203,613	\$266	\$1,019,750	\$552
Electricity	\$27,491	\$550	\$575,262	\$751	\$973,989	\$527
Turnover Rate	24%		18%		21%	
Move Out Costs	\$10,784	\$216	\$136,405	\$178	\$488,447	\$264
Maintenance	\$79,733	\$1,595	\$655,612	\$856	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$192	\$4	\$8,996	\$12	\$14,441	\$8
<b>Sub-total</b>	<b>\$159,117</b>	<b>\$3,182</b>	<b>\$1,875,866</b>	<b>\$2,449</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$4,121	\$82	\$80,428	\$105	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$1,808	\$36	\$35,293	\$46	\$105,642	\$57
Field Staff Salary and Benefits	\$24,431	\$489	\$476,821	\$622	\$1,427,263	\$772
General Maintenance	\$2,040	\$41	\$39,808	\$52	\$119,155	\$64
<b>Sub-total</b>	<b>\$32,400</b>	<b>\$648</b>	<b>\$632,349</b>	<b>\$826</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$191,516</b>	<b>\$3,830</b>	<b>\$2,508,215</b>	<b>\$3,274</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of just under \$500,000, representing \$9,750 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$2.9 million or \$58,000 per unit (portfolio average is \$77,000 per unit). This indicates that the capital need on a per unit basis is currently significantly cheaper than the portfolio average, which will still be the case by 2036.

As per Asset Planner, steady capital repairs are necessary over the forecast period. However, major repairs are needed in 2020 (elevators) and 2033-2034 (roof and kitchen refurbishment).



**Overall Utilization of the Site:** The site is currently well utilized with a mid-rise apartment, however there is an opportunity to intensify on the adjacent parking lot (if parking is not required and feasibility is confirmed). The adjacent low-rise apartment buildings could also be intensified (see 159 Louis profile).

**Wait List Data:** The apartment building appears very popular amongst potential tenants and has consistently had more than 300 households on the wait list since 2011. This is due to the strong demand for one-bedroom/bachelor units, which indicates the building is meeting the strongest demand from GSHC tenants.

**Locational Attributes:** The site is well located near Sudbury's downtown and is also adjacent a significant number of other affordable housing units, which could allow for strong delivery of social/community services that are in demand from vulnerable populations. The central location could also make this area a strong candidate for new housing/social service

delivery. The close proximity of the downtown services and retail, transit connections, and ability to achieve other City objectives (downtown revitalization) further amplify the locational strengths of the property.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other high-rise apartments with an elevator were approximately \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$1.25 million if the building was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on achievable rental rates and capital needs.

**Key Findings:** Overall, 166 Louis Street experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study. This results in a high number of households on the wait list. Notwithstanding the higher maintenance costs and the higher turnover rate/vacancy loss, the project is efficient to operate from virtually every other perspective. The building also appears to be in good condition and requires significantly less capital needs on a per unit basis than other assets in the portfolio both as of 2017 and by 2036. The project underwent over \$375,000 in SHRRP and SHIP investments and has just reached EOD, the SHIP funding would need to be repaid if action was considered as this funding was advanced in 2017. The property appears to meet the current and future needs of tenants and has elevator access, which will be continue to be popular amongst tenants as the population ages. Revitalization efforts could be considered to improve the high turnover rate.

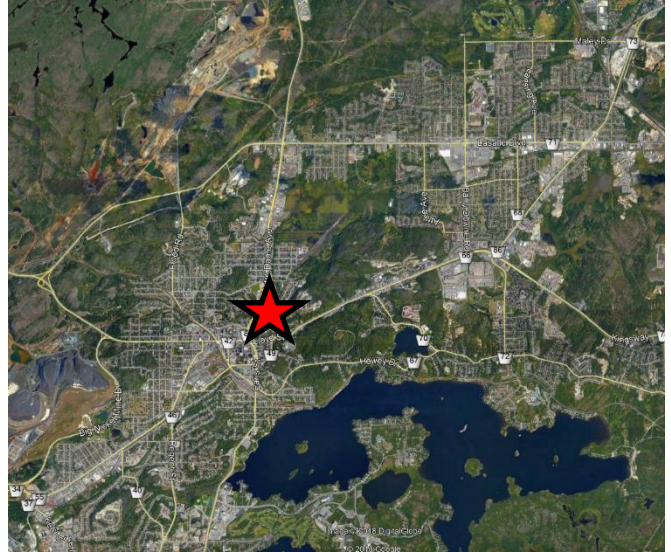


159 Louis Street – Townhomes and Low-Rise Apartments





**Project Description:** 159 Louis Street is comprised of 96 apartments in 16 small walk-up buildings and another 31 townhome units, totalling 127 units overall. The apartments include 66 two-bedroom and 30 three-bedroom units and the townhomes include 9 three-bedroom, 15 four-bedroom, and 7 five-bedroom units. The site is located adjacent Sudbury's downtown and also includes the mid-rise apartment building at 166 Louis Street. There are also a number of non-profit and coop social housing projects in the immediate area.



#### **Building Characteristics:**

- Property Age: Constructed in 1970 - 48 years old
- Heat Source: Natural Gas
- SHRRP Investment: \$1,167,908
- EOD: January 1<sup>st</sup>, 2018
- Tenants pay utilities at this property (heat, hot and cold water, townhome tenants also pay hydro)

**Townhome Operating Costs:** The operating costs for the townhomes are approximately \$162,000, which includes about \$117,000 that is directly attributable to the project. Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,784, which is higher than the average townhome in the GSHC portfolio and also higher than the average of all units across the GSHC portfolio (see operating cost summary Table). Some key findings are as follows:

- Tenants at this project pay their own electricity, which results in modestly lower utility costs than other townhomes in the GSHC portfolio (however also has an offsetting impact on rent calculations as per the HSA). Like most townhomes, gas, water tank rentals, and water costs are significantly higher than other assets in the GSHC portfolio.
- The turnover rate is very low for the townhomes at 159 Louis Street, with only 6% of units turning over in 2017. This resulted in very low move-out costs and little vacancy loss. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations.
- Maintenance costs are significantly more expensive for these townhomes than other townhomes in the GSHC portfolio as well as the average for all units in the GSHC portfolio. This finding was also present at 166 Louis Street.
- Operating costs increased by \$7,000 between 2017 and 2018.

**Low-Rise Apartment Operating Costs:** The operating costs (specifically known for each building) of the low-rise apartments at 159 Louis are \$422,264, resulting in a per unit cost of \$4,399. Some of the electricity costs are included in the rent, which results in a slightly lower electricity cost at this project relative to other low-rise apartments in the portfolio. It is therefore more expensive to operate the apartments than the low-density homes at this project on a per unit basis. Overall, the apartments at 159 Louis are almost \$1,000 more expensive to operate than other low-rise apartments in the GSHC portfolio and about \$1,400 more expensive than the average unit in the GSHC portfolio. The following observations noted:

2017 Operating Cost Summary Table - 159 Louis Townhomes						
Item	159 Louis		Townhomes		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	31		547		1,848	
Total Utilities	\$61,282	\$1,977	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$30,791	\$993	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$6,081	\$196	\$93,453	\$171	\$156,896	\$85
Water	\$24,409	\$787	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$0	\$0	\$53,745	\$98	\$973,989	\$527
Turnover Rate	6%		25%		21%	
Move Out Costs	\$4,580	\$148	\$211,020	\$386	\$488,447	\$264
Maintenance	\$51,329	\$1,656	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$116	\$4	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$117,306</b>	<b>\$3,784</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$5,670	\$183	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$2,488	\$80	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$33,613	\$1,084	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$2,806	\$91	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$44,577</b>	<b>\$1,438</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$161,883</b>	<b>\$5,222</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

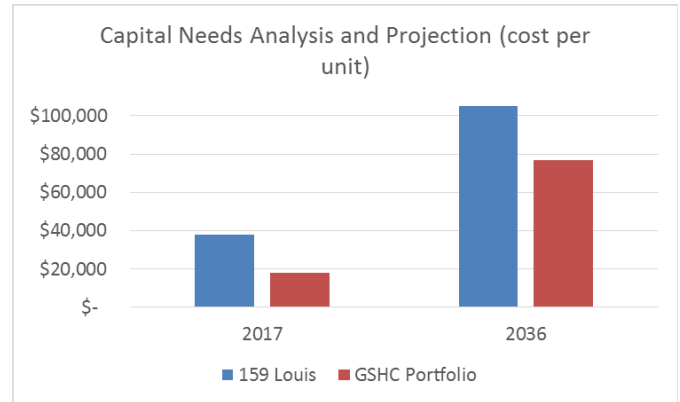
2017 Operating Cost Summary Table - 159 Louis Apartments						
Item	159 Louis		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	96		294		1,848	
Total Utilities	\$206,611	\$2,152	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$71,306	\$743	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$7,311	\$25	\$156,896	\$85
Water	\$56,526	\$589	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$78,779	\$821	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	35%		23%		21%	
Move Out Costs	\$41,706	\$434	\$66,842	\$227	\$488,447	\$264
Maintenance	\$172,856	\$1,801	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$1,092	\$11	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$422,264</b>	<b>\$4,399</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$13,130	\$137	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$5,762	\$60	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$77,842	\$811	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$6,499	\$68	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$103,232</b>	<b>\$1,075</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$525,496</b>	<b>\$5,474</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

- Utilities are slightly more expensive on average than other low-rise apartments in the GSHC portfolio and the townhomes at 159 Louis Street.
- The turnover rate for the low-rise apartments was 35% in 2017, which is considerably higher than the average of all units and the average low-rise apartment in the GSHC portfolio (21% and 23% respectively). This results in

significantly higher move out costs and vacancy loss. This is in direct contrast to the very low turnover rate observed for the townhomes.

- Maintenance costs for the apartments are significantly higher than other low-rise apartments and the townhomes on the property. This was also the case for 166 Louis Street. This property requires a significant amount of maintenance which might be due to the physical building, use of the building/tenant behaviour, and/or the large property and resulting maintenance requirements.

**Townhome Capital Needs:** These homes currently have an unfunded capital need of nearly \$900,000, representing \$29,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to just over \$5.0 million or \$162,884 per unit (portfolio average is \$77,000 per unit).



**Low-Rise Apartment Capital Needs:** The 96 apartments currently have an unfunded capital need of almost \$4.0 million or \$40,000 per unit. By 2036, the capital need would increase to \$14.6 million or \$150,000 per unit.

**Overall Utilization of the Site:** The site is strongly utilized with low-rise apartments, a mid-rise apartment, and townhomes that are organized with a relatively efficient and compact site design. While the site could be intensified through a strategic redevelopment, the property is not considered underutilized or underdeveloped at this time.

**Wait List Data:** The townhomes have had consistently few households on the wait list since 2011, which is generally consistent with most townhomes/projects offering larger suites in the City. Currently, there are only 9 households on the waiting list. The walk-up apartments offer more two-bedroom suites and between 2011 and 2015 had stronger wait list numbers, generally ranging between 30 and 50 households. However, the wait list has shrunk in recent years to only 16 households in 2016 and 3 households in 2017. This compares with other projects offering one-bedroom units in the area that have well over 300 households waiting.

**Locational Attributes:** The site is well located near Sudbury's downtown and is also adjacent a significant number of other affordable housing units, which could allow for strong delivery of social/community services that are in demand from vulnerable populations. The central location could also make this area a strong candidate for new housing/social service delivery. The close proximity of the downtown services and retail, transit connections, and ability to achieve other City objectives (downtown revitalization) further amplify the locational strengths of the property.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise walk-up apartments were approximately \$35,000 per two-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$3.3 million for the apartments if the units are sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on achievable rental rates and capital needs.

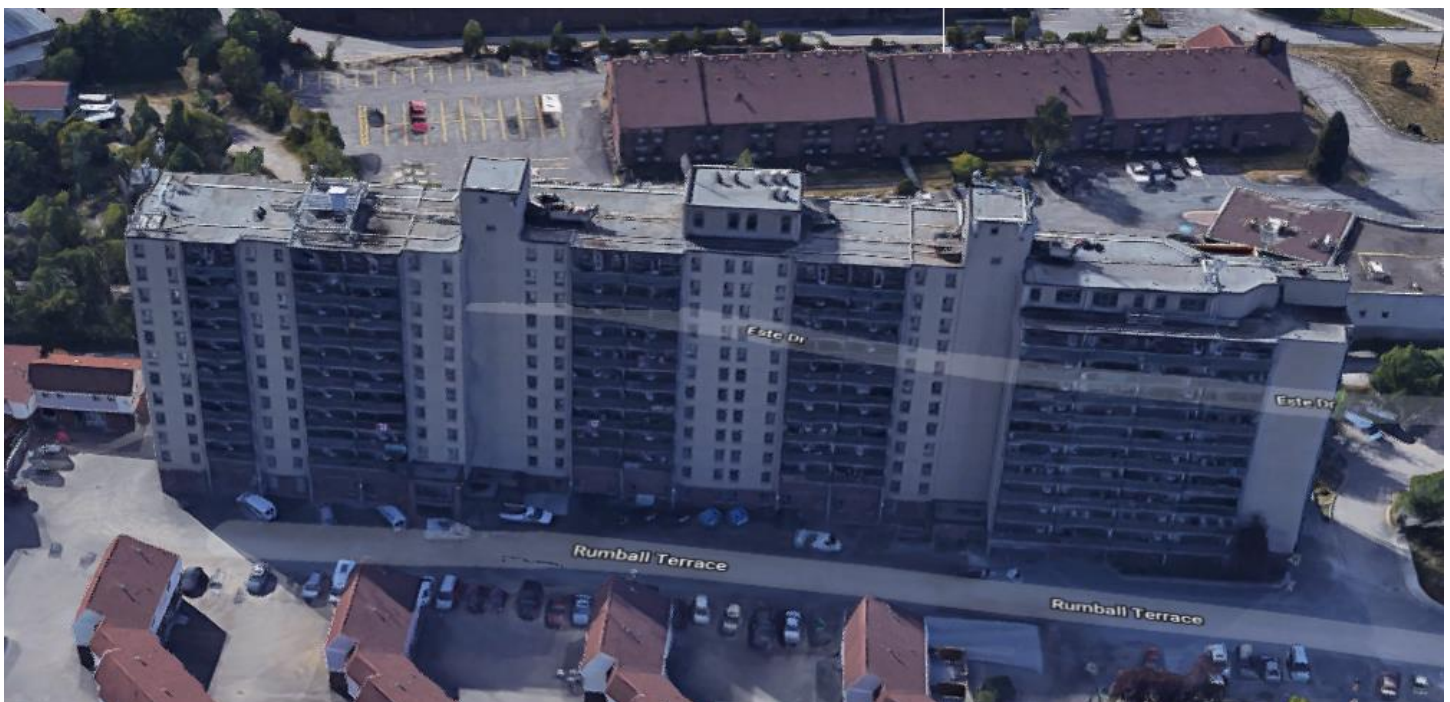
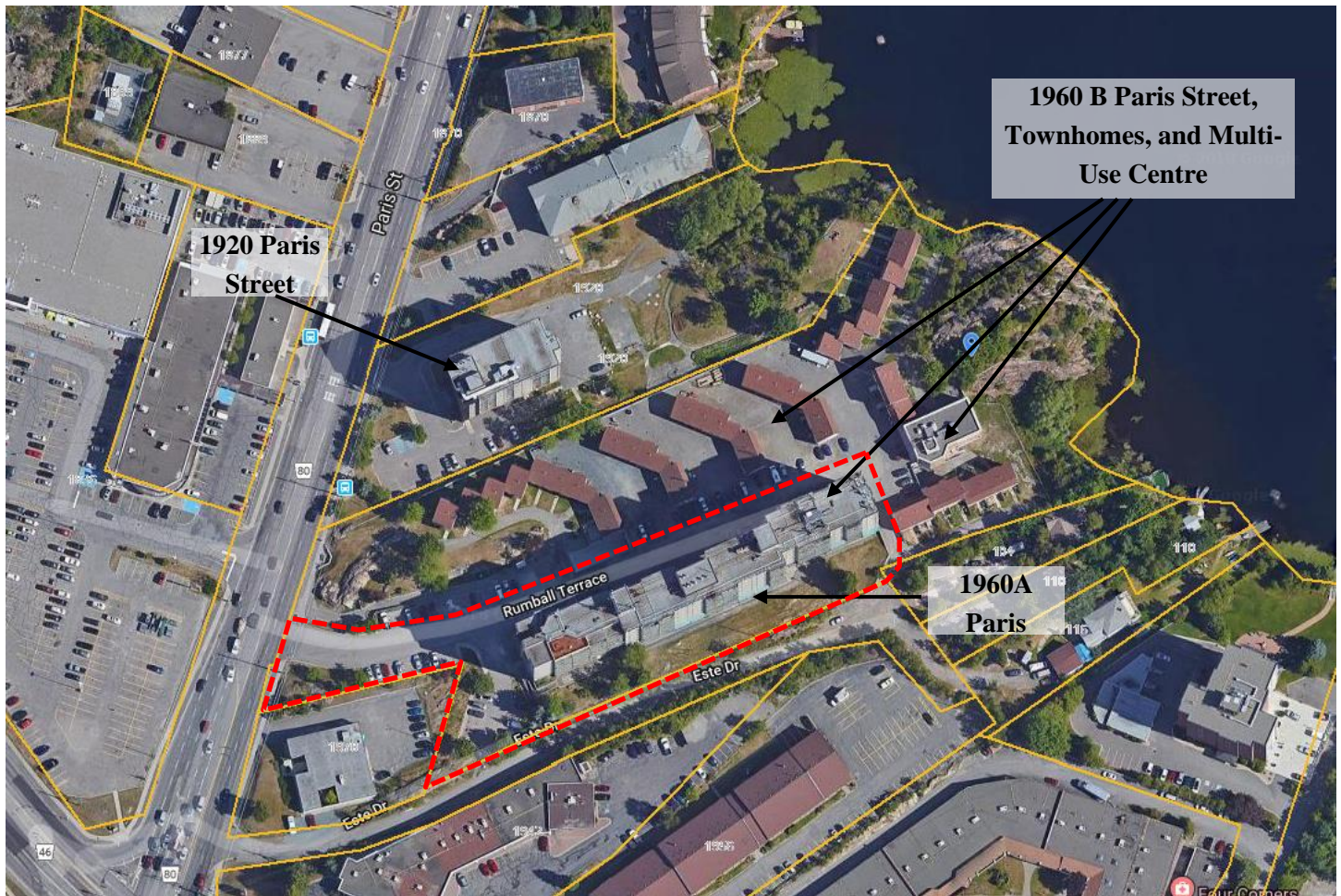
The townhomes could result in a sale value of \$1.1 million using the appraised values of the townhomes at Cabot Park (appraisal completed in 2009 – no adjustments made).

**Key Findings:** Overall, both the townhomes and the low-rise apartments experience low levels of demand due to the absence of one-bedroom units. The project is significantly more expensive to operate on a per unit basis than the rest of the

portfolio. The project will also require significant capital investments to remain in operation to 2036, which is forecasted to be approximately \$21 million for both the townhomes and apartments – representing a cost of \$165,500 per unit on average. While this capital investment would allow these buildings to remain operational, it would allocate significant resources to a property that is expensive to operate and does not adequately address current or forecasted affordable housing demand. The low-rise apartments and townhomes are also not highly accessible, which will become increasingly problematic as the population and tenant base ages. The project has reached EOD and should undergo significant revitalization efforts given these issues.

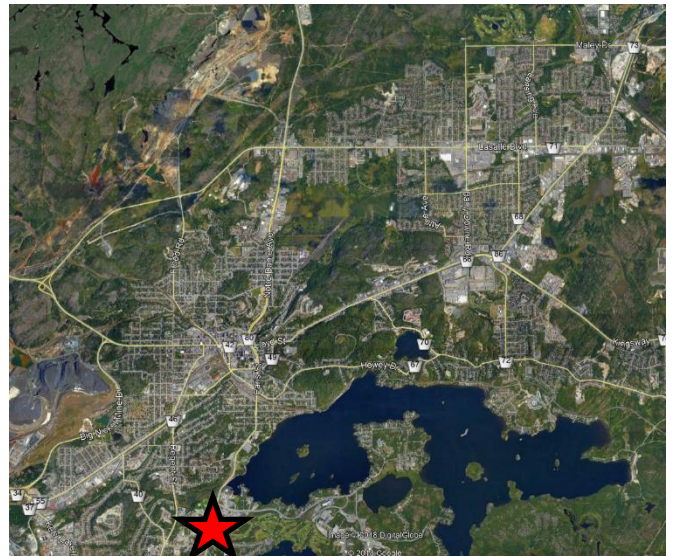


## 1960A Paris Street (High Rise Apartment)





**Project Description:** 1960 A Paris Street is a 12 storey building located in the south end of Sudbury at the four corners. It contains 100 one-bedroom units and 1 three-bedroom unit. It is adjoined by 1960 B Paris Street (evaluated in the following profile). The property also accommodates another high-rise building 1920 Paris and multiple townhome blocks. The building is classified as an “adult” building by the GSHC. This relatively large project is the only GSHC product in the South End, however other non-profit and co-op social housing providers operate in the area. The property is very well utilized with a single high-rise building along Nepahwin Lake.



#### **Building Characteristics:**

- Property Age: Constructed in 1973 – 45 years old.
- Elevator: Yes
- Heat Source: Natural Gas
- Includes: Hot and cold water, hydro, heat, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$89,783; both 1960A+B received \$261,980 and \$1.78 million in SHIP and SHAIP funding respectively.
- EOD: January 1<sup>st</sup>, 2021

**Operating Costs:** The operating costs for 1960 A Paris Street is \$376,139, of which approximately \$296,705 are directly attributable to the project.

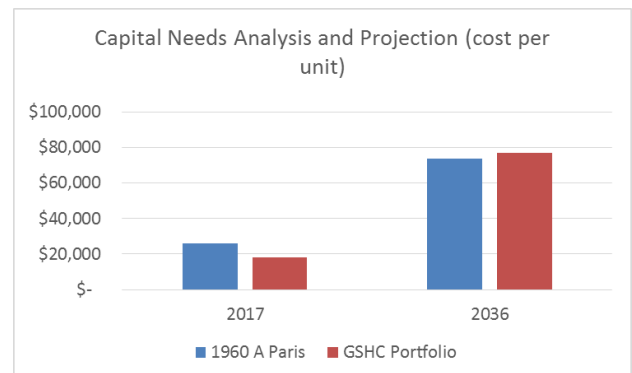
The operating costs on a per unit basis are approximately \$2,938 for the items that are directly attributable to the project, which is more expensive than the typical high-rise apartment. However, the operating costs are lower than the typical low-rise apartment, townhome, and scattered unit. Some key findings are as follows:

- The project experiences utility costs that are similar to the entire GSHC portfolio. However, utilities are more expensive here than other high-rise projects, which is primarily due to higher gas and water costs.
- The turnover rate is lower for this building (12%) than the portfolio wide average (21%) as well as the average for other high-rise apartments (18%). The project therefore experiences lower move-out costs relative to other assets in the GSHC portfolio. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance fees for the project are generally similar to other high-rise buildings and the GSHC portfolio.
- Operating costs increased by nearly \$40,000 between 2016 and 2017.



2017 Operating Cost Summary Table - 1960 A Paris						
Item	1960 A Paris Street		High-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	101		766		1,848	
Total Utilities	\$182,200	\$1,804	\$1,074,853	\$1,403	\$3,448,130	\$1,866
Gas	\$53,675	\$531	\$287,528	\$375	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$8,449	\$11	\$156,896	\$85
Water	\$42,024	\$416	\$203,613	\$266	\$1,019,750	\$552
Electricity	\$86,501	\$856	\$575,262	\$751	\$973,989	\$527
Turnover Rate	12%		18%		21%	
Move Out Costs	\$14,090	\$140	\$136,405	\$178	\$488,447	\$264
Maintenance	\$99,196	\$982	\$655,612	\$856	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$1,219	\$12	\$8,996	\$12	\$14,441	\$8
<b>Sub-total</b>	<b>\$296,705</b>	<b>\$2,938</b>	<b>\$1,875,866</b>	<b>\$2,449</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$10,103	\$100	\$80,428	\$105	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$4,433	\$44	\$35,293	\$46	\$105,642	\$57
Field Staff Salary and Benefits	\$59,898	\$593	\$476,821	\$622	\$1,427,263	\$772
General Maintenance	\$5,001	\$50	\$39,808	\$52	\$119,155	\$64
<b>Sub-total</b>	<b>\$79,435</b>	<b>\$786</b>	<b>\$632,349</b>	<b>\$826</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$376,139</b>	<b>\$3,724</b>	<b>\$2,508,215</b>	<b>\$3,274</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of \$2.6 million, representing \$26,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$7.4 million or \$73,500 per unit (portfolio average is \$77,000 per unit). The project therefore requires more significant capital repairs currently on a per unit basis, but will be in line with portfolio average by 2036. As per Asset Planner, steady capital repairs are necessary over the forecast period.



**Overall Utilization of the Site:** The apartment portion of the site is currently well utilized with a large apartment building. There is an opportunity to intensify other areas on the property occupied by the townhomes, multi-use centre, and 1920 Paris Street.

**Wait List Data:** The apartment building appears very popular amongst potential tenants and has consistently had more than 300 households on the wait list since 2011. This is due to the strong demand for one-bedroom units, which indicates the building is meeting the strongest demand from GSHC tenants.

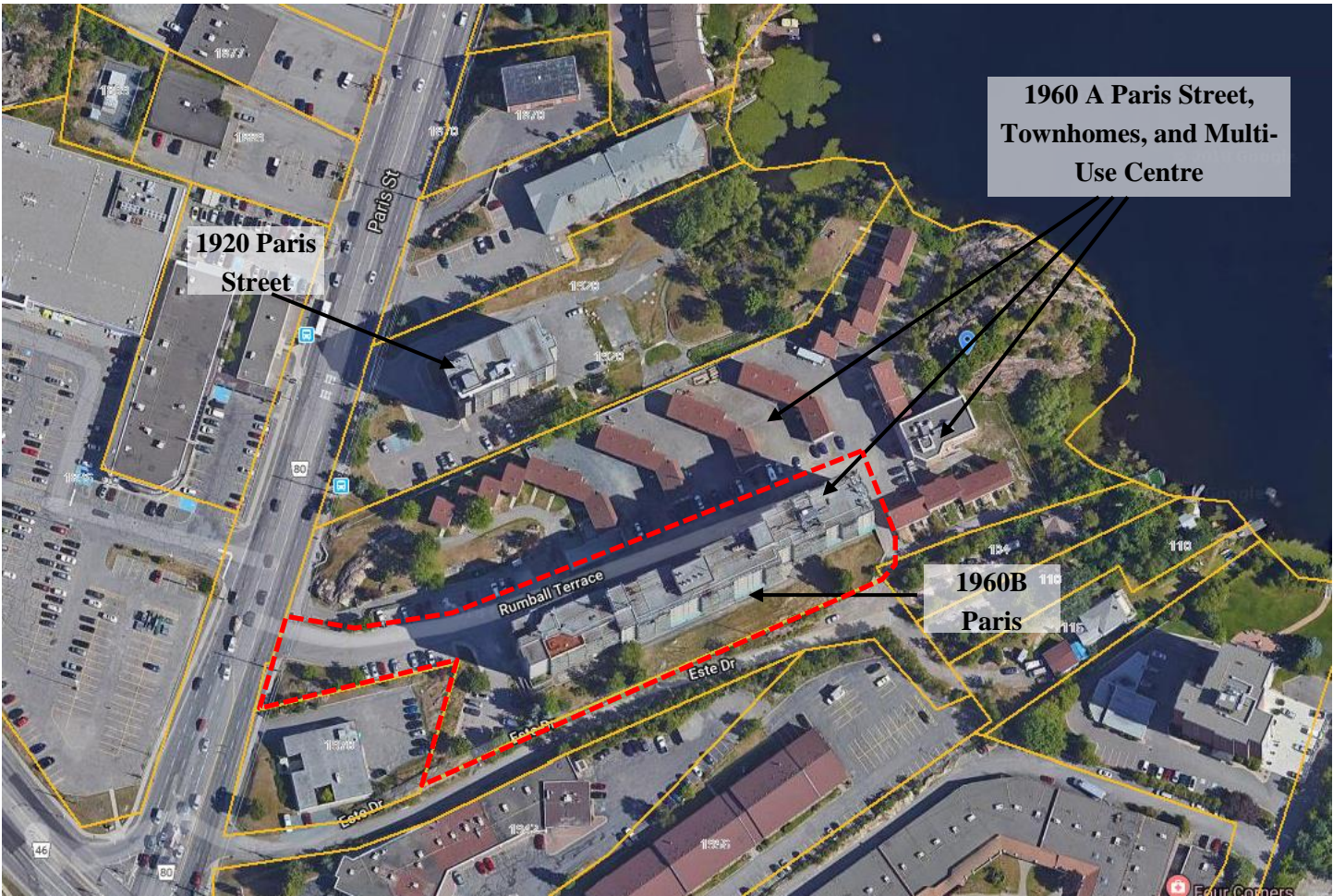
**Locational Attributes:** The property is located in the City's desirable South End and has immediate access to the Southridge Mall and other services/amenities. The property also boasts waterfront views and has strong transit connections to other areas of the City. While there are other social housing projects in the area, this relatively large complex is the GSHC's only presence in the South End.

**Appraised Value:** The property was appraised at approximately \$2.5 million in 2009. Ultimate pricing will be dependent on an updated analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, 1960 A Paris experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study. This results in a high number of households on the wait list. The property also experiences much lower turnover rates than the GSHC portfolio, further indicating strong demand and popularity amongst tenants. While the property is more expensive to operate than the average high-rise building in the GSHC portfolio, it experiences lower operating costs than the average unit in the GSHC portfolio and is significantly less expensive to operate than the scattered units and low-rise apartments. While the building has a relatively high unfunded capital need, which primarily consists of balcony repairs, exterior windows, roof repairs, and kitchen refurbishments, the required capital needs looking forward will be modest. The project received significant funding grants that will require repayment and will not reach EOD until 2021. The quantitative and qualitative data indicates that the building is a valuable component of the GSHC portfolio and meets the current and future needs of tenants. The building also has elevator access, which will continue to be popular amongst tenants as the population ages.

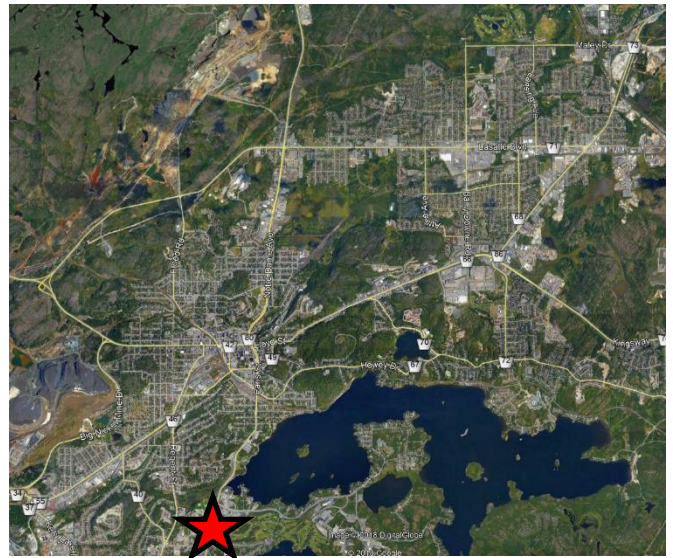


1960B Paris Street (High Rise Apartment)





**Project Description:** 1960 B Paris Street is a 12 storey building located in the south end of Sudbury at the four corners. It contains 151 two-bedroom units and 11 three-bedroom units. It is adjoined by 1960 A Paris Street (evaluated in the previous profile). The property also accommodates another high-rise building 1920 Paris and multiple townhome blocks. The building is classified as a “family” building by the GSHC. This relatively large project is the only GSHC product in the South End, however other non-profit and co-op social housing providers operate in the area. The property is very well utilized with a single high-rise building along Nepahwin Lake.



### Building Characteristics:

- Property Age: Constructed in 1973 – 45 years old.
- Elevator: Yes
- Heat Source: Natural Gas
- Includes: Hot and cold water, hydro, heat, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$0; both 1960A+B received \$261,980 and \$1.78 million in SHIP and SHAIIP funding respectively.
- EOD: January 1<sup>st</sup>, 2021

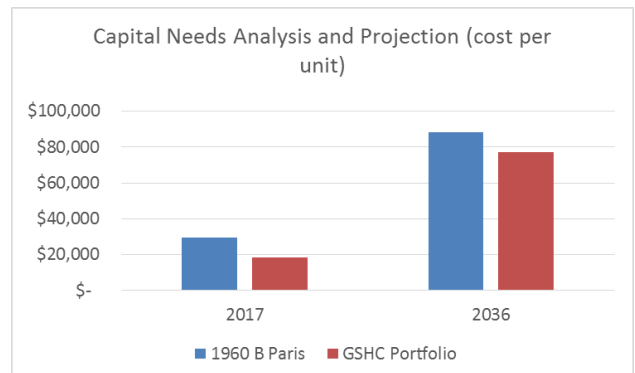
**Operating Costs:** The operating costs for 1960 B Paris Street is \$618,282, of which approximately \$452,709 are directly attributable to the project.

The operating costs on a per unit basis are approximately \$2,794 for the items that are directly attributable to the project, which is more expensive than the typical high-rise apartment (although less than the adjoining 1960 A Paris). However, the operating costs are below the typical low-rise apartment, townhome, and scattered unit. Some key findings are as follows:

- The project experiences utility costs that are below other high-rise projects operated by the GSHC and well below the average across the entire portfolio.
- The turnover rate is significantly higher for this project (37%) than the portfolio wide average (21%) as well as the average for other high-rise apartments (18%). The project therefore experiences higher move-out costs relative to other assets in the GSHC portfolio. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The higher turnover rate will result in a higher vacancy loss.
- Maintenance fees for the project are generally similar to other high-rise buildings and the GSHC portfolio.
- Operating costs decreased by over \$100,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 1960 B Paris						
Item	1960 B Paris Street		High-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	162		766		1,848	
Total Utilities	\$241,727	\$1,492	\$1,074,853	\$1,403	\$3,448,130	\$1,866
Gas	\$112,176	\$692	\$287,528	\$375	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$8,449	\$11	\$156,896	\$85
Water	\$42,848	\$264	\$203,613	\$266	\$1,019,750	\$552
Electricity	\$86,703	\$535	\$575,262	\$751	\$973,989	\$527
Turnover Rate	37%		18%		21%	
Move Out Costs	\$52,877	\$326	\$136,405	\$178	\$488,447	\$264
Maintenance	\$155,464	\$960	\$655,612	\$856	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$2,641	\$16	\$8,996	\$12	\$14,441	\$8
<b>Sub-total</b>	<b>\$452,709</b>	<b>\$2,794</b>	<b>\$1,875,866</b>	<b>\$2,449</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$21,059	\$130	\$80,428	\$105	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$9,241	\$57	\$35,293	\$46	\$105,642	\$57
Field Staff Salary and Benefits	\$124,850	\$771	\$476,821	\$622	\$1,427,263	\$772
General Maintenance	\$10,423	\$64	\$39,808	\$52	\$119,155	\$64
<b>Sub-total</b>	<b>\$165,573</b>	<b>\$1,022</b>	<b>\$632,349</b>	<b>\$826</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$618,282</b>	<b>\$3,817</b>	<b>\$2,508,215</b>	<b>\$3,274</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of \$4.8 million, representing almost \$30,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$14.2 million or \$88,000 per unit (portfolio average is \$77,000 per unit). The project therefore requires more significant capital repairs currently on a per unit basis, but will be closer to the portfolio average by 2036. As per Asset Planner, steady capital repairs are necessary over the forecast period.



**Overall Utilization of the Site:** The apartment portion of the site is currently well utilized with a large apartment building. There is an opportunity to intensify other areas on the property occupied by the townhomes, multi-use centre, and 1920 Paris Street.

**Wait List Data:** The apartment building once has/d upwards of 30 to 50 households on the wait list, however since 2015 the wait list has shrunk considerably with only 9 and 3 households on the wait list in 2016 and 2017 respectively. This is due to the absence of one-bedroom units in the building, which are most in demand amongst those looking for RGI. We also understand that there is a significant capital construction project that has been occurring at this property for the past several years, which may be contributing to the low wait list and high turnover rate.

**Locational Attributes:** The property is located in the City's desirable South End and has immediate access to the Southridge Mall and other commercial uses. The property also boasts waterfront views and has strong transit connections to other areas of the City. While there are other social housing projects in the area, this relatively large complex is the GSHC's only presence in the South End.

**Appraised Value:** The property was appraised at approximately \$5.2 million in 2009. Ultimate pricing will be dependent on an updated analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, 1960 B Paris experiences low levels of demand and has a significant unfunded capital need. The property also does not directly address current and forecasted demand for one-bedroom units. Despite these shortcomings, the building performs well from an operational cost perspective and is physically connected to the desirable 1960 A Paris building. The GSHC expects that demand will improve at this building once the capital construction project is complete. Notwithstanding this sentiment, revitalization efforts should be considered at this property such as undertaking renovations or other design interventions (e.g. introduction of park space). Alternatively, given the strong locational attributes of the site and waterfront property, the building could be revitalized and switched to a mixed-income development of RGI, AMR, and market given the low levels of demand and high turnover observed.

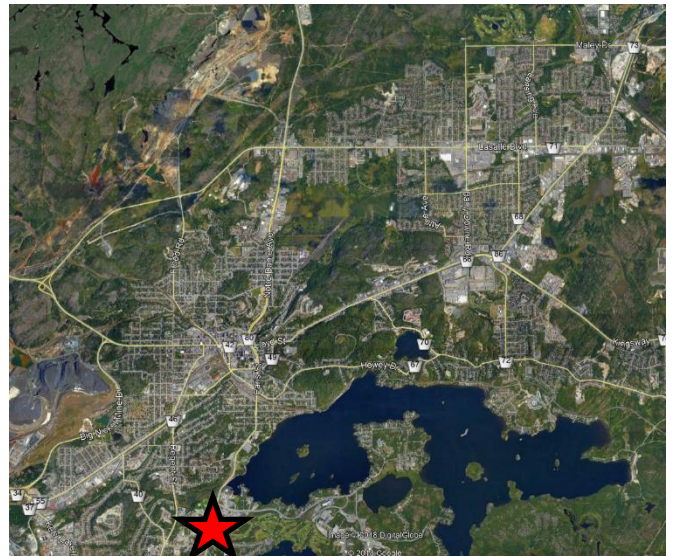


1920 Paris Street (High Rise Apartment)





**Project Description:** 1920 Paris Street is an 11 storey building located in the south end of Sudbury at the four corners. It contains 100 one-bedroom units and 1 two-bedroom unit. The property is immediately north of the 1960 Paris Street Tower, townhomes, and multi-use centre. The building is classified as an “adult” building by the GSHC. This project is the only GSHC product in the South End, however other non-profit and co-op social housing providers operate in the area. The property includes one tower on a relatively large site that could be intensified.



#### **Building Characteristics:**

- Property Age: Constructed in 1973 – 45 years old.
- Elevator: Yes
- Heat Source: Natural Gas
- Includes: Hot and cold water, hydro, heat, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$88,711
- EOD: January 1<sup>st</sup>, 2021

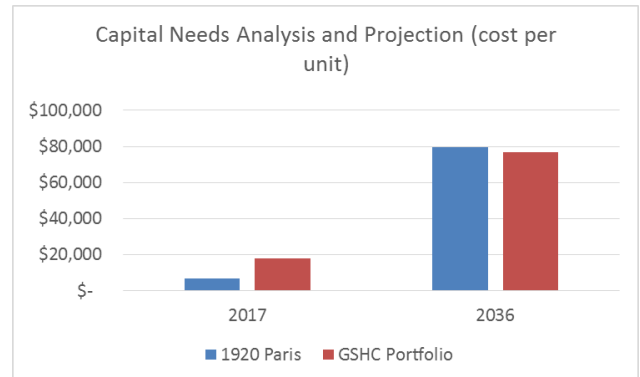
**Operating Costs:** The operating costs for 1920 Paris Street is \$287,779, of which approximately \$208,568 are directly attributable to the project.

The operating costs on a per unit basis are approximately \$2,065 for the items that are directly attributable to the project, which is inexpensive relative to the average high-rise apartment in the GSHC portfolio. This operating cost is about \$1,000 cheaper to operate per unit than the average across the entire portfolio. Some key findings are as follows:

- The project experiences lower utility costs than other high-rise apartments, which is primarily due to lower electricity costs.
- The turnover rate is very low for this building (8%) relative to the portfolio wide average (21%) as well as the average for other high-rise apartments (18%). The project therefore experiences lower move-out costs relative to other assets in the GSHC portfolio. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance fees for the project are generally similar to other high-rise buildings and the GSHC portfolio.
- Operating costs decreased by nearly \$26,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 1920 Paris						
Item	1920 Paris Street		High-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	101		766		1,848	
Total Utilities	\$121,992	\$1,208	\$1,074,853	\$1,403	\$3,448,130	\$1,866
Gas	\$40,510	\$401	\$287,528	\$375	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$8,449	\$11	\$156,896	\$85
Water	\$24,137	\$239	\$203,613	\$266	\$1,019,750	\$552
Electricity	\$57,345	\$568	\$575,262	\$751	\$973,989	\$527
Turnover Rate	8%		18%		21%	
Move Out Costs	\$9,844	\$97	\$136,405	\$178	\$488,447	\$264
Maintenance	\$75,435	\$747	\$655,612	\$856	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$1,296	\$13	\$8,996	\$12	\$14,441	\$8
<b>Sub-total</b>	<b>\$208,568</b>	<b>\$2,065</b>	<b>\$1,875,866</b>	<b>\$2,449</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$10,075	\$99.75	\$80,428	\$105	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$4,421	\$43.77	\$35,293	\$46	\$105,642	\$57
Field Staff Salary and Benefits	\$59,729	\$591.38	\$476,821	\$622	\$1,427,263	\$772
General Maintenance	\$4,986	\$49.37	\$39,808	\$52	\$119,155	\$64
<b>Sub-total</b>	<b>\$79,211</b>	<b>\$784</b>	<b>\$632,349</b>	<b>\$826</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$287,779</b>	<b>\$2,849</b>	<b>\$2,508,215</b>	<b>\$3,274</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of \$685,000, representing \$6,700 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$8.0 million or \$80,000 per unit (portfolio average is \$77,000 per unit). The data from Asset Planner therefore indicates that the building is currently in very good shape from a capital perspective, however this will grow over time to be slightly higher than the portfolio wide average on a per unit basis by 2036. As per Asset Planner, steady capital repairs are necessary over the forecast period.



**Overall Utilization of the Site:** This site appears underutilized as there is only one apartment building on a fairly large parcel. However, we understand that the residual lands are physically challenged from a redevelopment perspective. Notwithstanding these challenges, there is room to intensify on the property and the feasibility of this option should be investigated.

**Wait List Data:** The apartment building appears very popular amongst potential tenants and has consistently had more than 300 households on the wait list since 2011. This is due to the strong demand for one-bedroom units, which indicates the building is meeting the strongest demand from GSHC tenants.

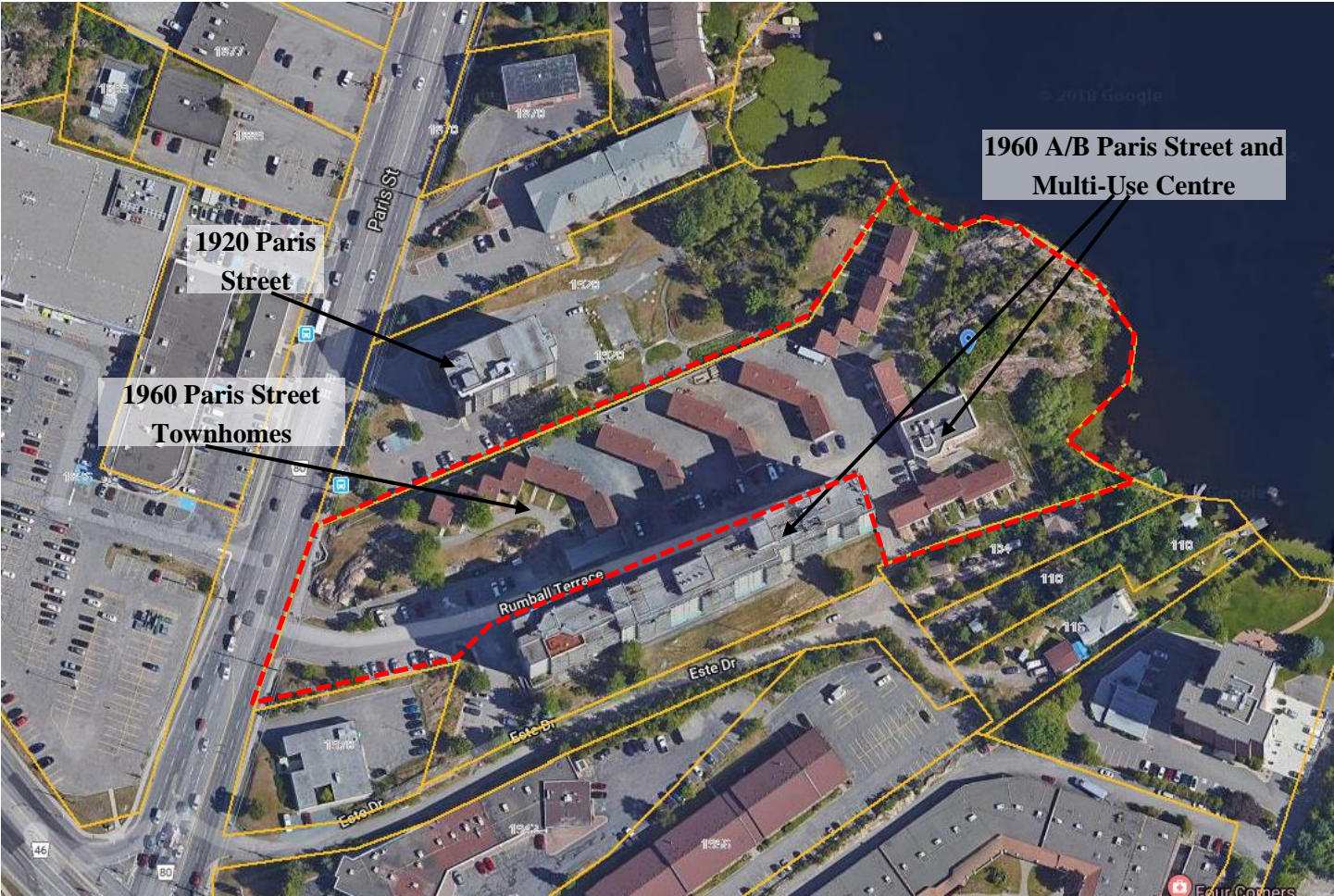
**Locational Attributes:** The property is located in the City's desirable South End and has immediate access to the Southridge Mall and other commercial uses. The property also boasts waterfront views and has strong transit connections to other areas of the City. While there are other social housing projects in the area, this relatively large complex is the GSHC's only presence in the South End.

**Appraised Value:** The property was appraised at approximately \$2.5 million in 2009. Ultimate pricing will be dependent on an updated analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, 1920 Paris experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study. This results in a high number of households on the wait list. The property also experiences much lower turnover rates than the GSHC portfolio, further indicating strong demand and popularity amongst tenants. The property is also one of the cheapest properties to operate from a cost perspective and has a relatively low unfunded capital need, which is projected by Asset Planner to grow modestly to 2036 to around the portfolio wide average. The project underwent almost \$90,000 in SHRRP investments and will not reach EOD until 2021. The property meets the current and future needs of tenants and has elevator access, which will be continue to be popular amongst tenants as the population ages.

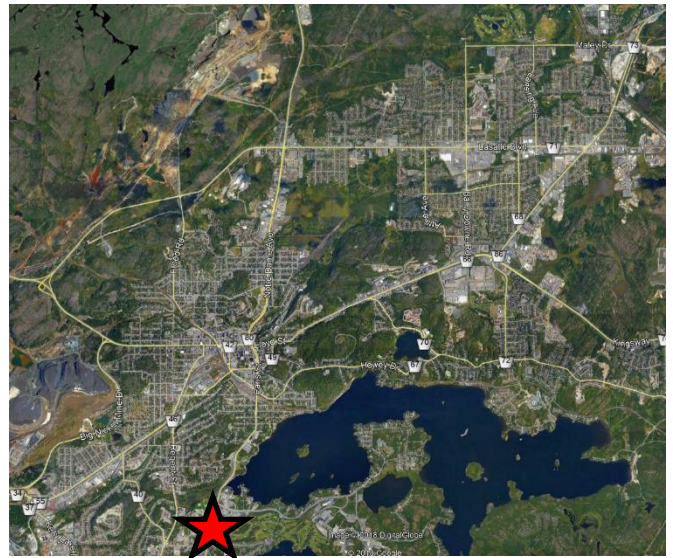


1960 Paris Street (townhomes)





**Project Description:** In addition to the high-rise buildings, 1960 Paris Street also accommodates 42 low-rise units in a series of townhome blocks. The townhomes contain 26 three-bedroom, 12 four-bedroom, and 4 five-bedroom units. The townhomes are classified as a “family” project by the GSHC. There is also a GSHC multi-use centre at the back of the property, which has been largely underutilized for some time. This project is the only GSHC product in the South End, however other non-profit and co-op social housing providers operate in the area.



#### **Building Characteristics:**

- Property Age: Constructed in 1974 – 44 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Hot and cold water, hydro, heat, cooking power, common laundry facilities.
- No Grant Repayments.
- EOD: January 1<sup>st</sup>, 2021

**Operating Costs:** The operating costs for the 1960 Paris Street townhomes is \$180,008, of which approximately \$123,923 are directly attributable to the project.

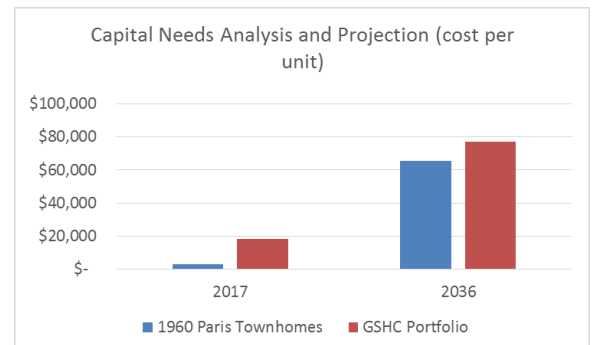
The operating costs on a per unit basis are approximately \$2,951 for the items that are directly attributable to the project, which is inexpensive relative to the average townhome in the GSHC portfolio. This operating cost is very similar to the average unit across the entire GSHC portfolio. Some key findings are as follows:

- The project experiences lower utility costs than other townhomes, which is primarily due to lower water costs.
- The turnover rate is similar for these units (29%) than other townhomes in the GSHC portfolio (25%) but measurably higher than the portfolio wide average (21%). Move out costs are therefore slightly higher than other townhomes in the portfolio and measurably higher than all units in the portfolio on average. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The higher turnover rate will result in a higher vacancy loss.
- Maintenance costs for the project are generally similar to other townhomes and the GSHC portfolio.
- Operating costs decreased by nearly \$10,000 between 2016 and 2017.



2017 Operating Cost Summary Table - 1960 Paris						
Item	1960 Paris		Townhomes		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	42		547		1,848	
Total Utilities	\$69,980	\$1,666	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$37,897	\$902	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$9,291	\$221	\$93,453	\$171	\$156,896	\$85
Water	\$14,514	\$346	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$8,278	\$197	\$53,745	\$98	\$973,989	\$527
Turnover Rate	29%		25%		21%	
Move Out Costs	\$18,774	\$447	\$211,020	\$386	\$488,447	\$264
Maintenance	\$35,063	\$835	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$106	\$3	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$123,923</b>	<b>\$2,951</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$7,133	\$170	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$3,130	\$75	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$42,291	\$1,007	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$3,531	\$84	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$56,085</b>	<b>\$1,335</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$180,008</b>	<b>\$4,286</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The townhomes currently have an unfunded capital need of only \$134,000, representing \$3,200 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$2.7 million or \$65,000 per unit (portfolio average is \$77,000 per unit). The data from asset planner therefore indicates that the building is currently in very good shape from a capital perspective, however this will grow over time to be slightly below than the portfolio wide average on a per unit basis by 2036.



**Overall Utilization of the Site:** While the site is not grossly underutilized, there is room to accommodate additional buildings or comprehensively redevelop the property.

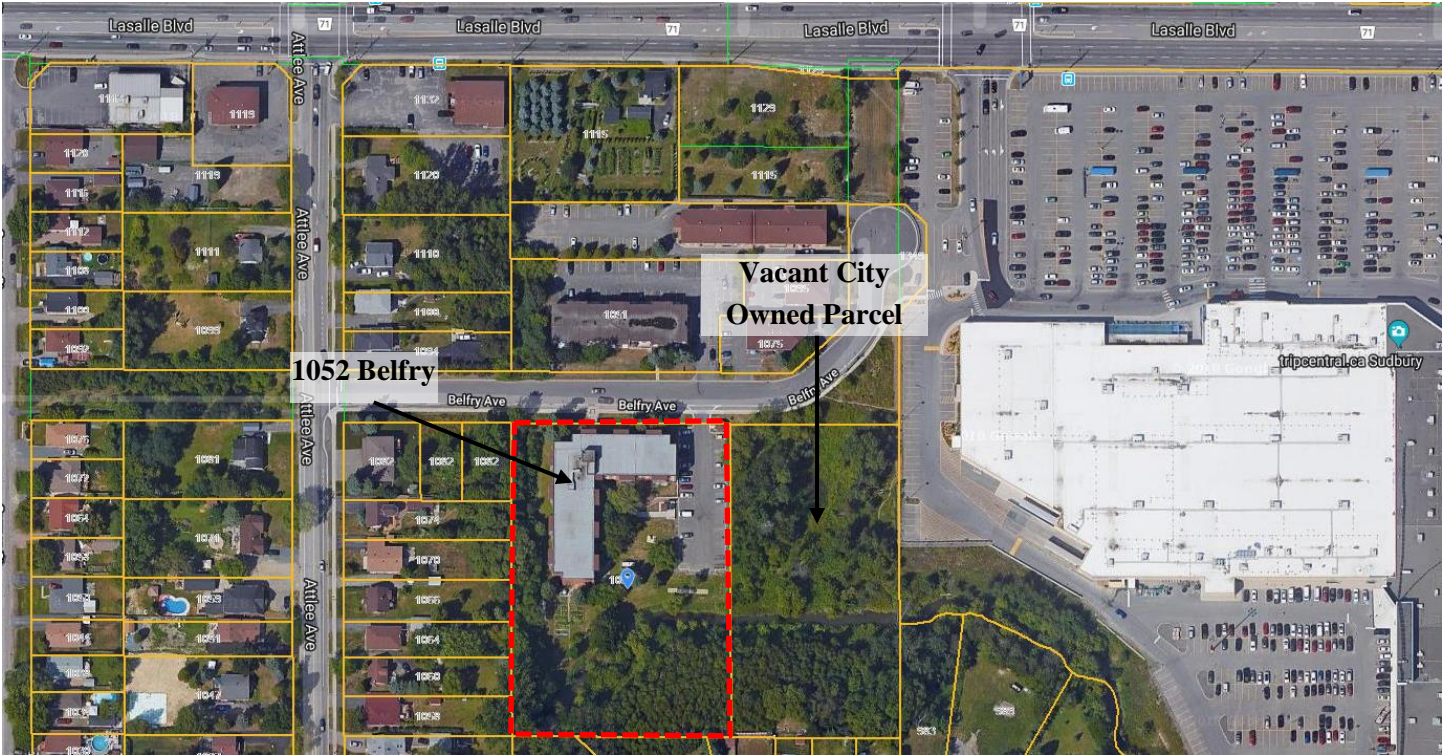
**Wait List Data:** The townhomes have consistently had under 20 households on the wait list since 2011, with only 3 households currently waiting for this property.

**Locational Attributes:** The property is located in the City's desirable South End and has immediate access to the Southridge Mall and other commercial uses. The property also boasts waterfront views and has strong transit connections to other areas of the City. While there are other social housing projects in the area, this relatively large complex is the GSHC's only presence in the South End.

**Appraised Value:** The property was appraised at approximately \$1.5 million in 2009. Ultimate pricing will be dependent on an updated analysis, achievable rental rates and capital needs. Updated appraisals were completed in 2017 for scattered semi and single-detached homes only.

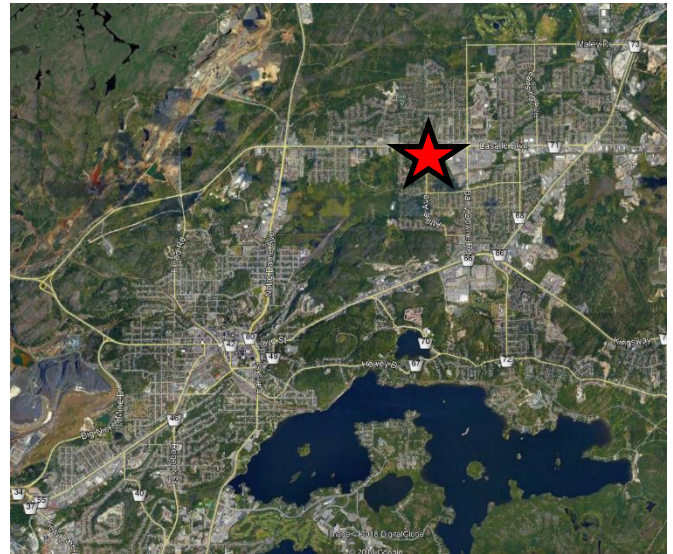
**Key Findings:** While the buildings are currently in good shape from a capital perspective and are relatively efficient to operate, they experience very high turnover and have consistently been unpopular with tenants since 2011 as indicated by the wait list. We understand that in addition to the absence of one-bedroom units, the imposing presence of the large towers that frame the townhomes contribute to the unpopularity of these units. There is also a grade change from Paris Street that results in poor visibility from the street into the social housing complex, which may further detract families from selecting the townhomes at this location. Revitalization efforts should be considered at this property to improve the current conditions. No grant repayments are necessary.

1052 Belfry (High Rise Apartment)





**Project Description:** 1052 Belfry is a 5-storey building located in New Sudbury and is adjacent the New Sudbury Centre (regional power centre). It contains 100 one-bedroom units and 1 two-bedroom unit. This is the only GSHC apartment building in New Sudbury and is adjacent a vacant City-owned property. The subject site is well-utilized, however there appears to be room to intensify the property at the south edge subject to overcoming built-form impacts on the low-density homes and other possible environmental issues. The building is classified as a “senior” building by the GSHC and is the only senior dedicated building in the portfolio. There are other GSHC townhomes, low-rise apartments, and scattered units in the area.



#### **Building Characteristics:**

- Property Age: Constructed in 1974 – 44 years old.
- Elevator: Yes
- Heat Source: Electric
- Includes: Hot and cold water, hydro, heat, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$159,913
- EOD: January 1<sup>st</sup>, 2021

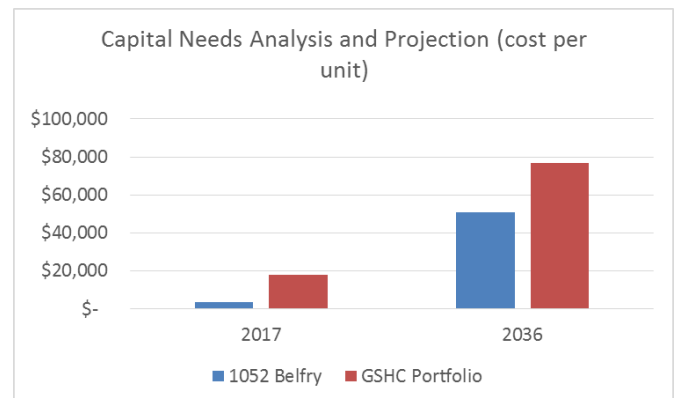
**Operating Costs:** The operating costs for 1052 Belfry is \$265,204, of which approximately \$185,992 are directly attributable to the project.

The operating costs on a per unit basis are approximately \$1,842 for the items that are directly attributable to the project, which is well below both the average high-rise apartment and the average unit the in the GSHC portfolio. Some key findings are as follows:

- The project experiences lower utility costs than other high-rise apartments, which is primarily due to lower gas and water costs. Due to electric heating, gas costs are low.
- The turnover rate is very low for this building (4%) than the portfolio wide average (21%) as well as the average for other high-rise apartments (18%). The project therefore experiences lower move-out costs relative to other assets in the GSHC portfolio. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance costs for the project are also much lower than the average high-rise unit, further contributing to the low overall maintenance cost of this building.
- Operating costs also decreased by nearly \$22,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 1052 Belfry						
Item	1052 Belfry		High-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	101		766		1,848	
Total Utilities	\$114,091	\$1,130	\$1,074,853	\$1,403	\$3,448,130	\$1,866
Gas	\$8,379	\$83	\$287,528	\$375	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$8,449	\$11	\$156,896	\$85
Water	\$20,333	\$201	\$203,613	\$266	\$1,019,750	\$552
Electricity	\$85,378	\$845	\$575,262	\$751	\$973,989	\$527
Turnover Rate	4%		18%		21%	
Move Out Costs	\$4,351	\$43	\$136,405	\$178	\$488,447	\$264
Maintenance	\$66,356	\$657	\$655,612	\$856	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$1,194	\$12	\$8,996	\$12	\$14,441	\$8
<b>Sub-total</b>	<b>\$185,992</b>	<b>\$1,842</b>	<b>\$1,875,866</b>	<b>\$2,449</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$10,075	\$99.75	\$80,428	\$105	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$4,421	\$43.77	\$35,293	\$46	\$105,642	\$57
Field Staff Salary and Benefits	\$59,729	\$591.38	\$476,821	\$622	\$1,427,263	\$772
General Maintenance	\$4,986	\$49.37	\$39,808	\$52	\$119,155	\$64
<b>Sub-total</b>	<b>\$79,211</b>	<b>\$784</b>	<b>\$632,349</b>	<b>\$826</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$265,204</b>	<b>\$2,626</b>	<b>\$2,508,215</b>	<b>\$3,274</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of \$380,000, representing \$3,700 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$5.1 million or \$50,500 per unit (portfolio average is \$77,000 per unit). The data from asset planner therefore indicates that the building is currently in very good shape from a capital perspective. The data also indicates that the building will require a lower capital need on a per unit basis than the portfolio wide average by 2036. As per Asset Planner, steady capital repairs are necessary over the forecast period.



**Overall Utilization of the Site:** There are residual lands along the southern portion of the site that could accommodate additional development (subject to built form impact and natural features). The City of Sudbury also owns the relatively large parcel immediately to the east, which could be used for social housing development if available/developable.

**Wait List Data:** The apartment building has experienced a growing wait list since 2011 and currently has 139 households on the wait list. Relative to other apartment buildings offering one bedroom units (with a typical wait list over 300), the wait list at 1052 Belfry is more modest. We believe this is due to the senior designation, as there are fewer seniors looking for RGI than non-seniors. Regardless, the building is in high-demand.

**Locational Attributes:** The property is located in the highly desirable New Sudbury neighbourhood and is immediately adjacent the New Sudbury commercial centre. While there are a number of other GSHC and Federal social housing units in the area, these are mostly scattered or modest townhome units, which therefore results in a less concentrated social

housing density. This location boasts strong transit and connectivity to the rest of the City and is an overall attractive neighbourhood.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other high-rise apartments with an elevator were approximately \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$2.5 million if the units are sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on achievable rental rates and capital needs.

**Key Findings:** Overall, the apartment building at 1052 Belfry is highly in demand from seniors seeking RGI housing as indicated by the low turnover and wait list. While the overall wait list is lower than other non-senior one-bedroom apartment buildings, this is due to the smaller population of RGI seniors. As the population continues to age, seniors will accommodate a greater proportion of the GSHC tenant base. The project is also in good shape from a capital perspective and is inexpensive to operate relative to other assets in the portfolio. The site and adjacent City-owned parcel could also accommodate intensification given the strong locational attributes of the site. The property meets the current and future needs of tenants and has elevator access, which will continue to be popular amongst tenants as the population ages. It is also in a strong location that could accommodate additional housing.



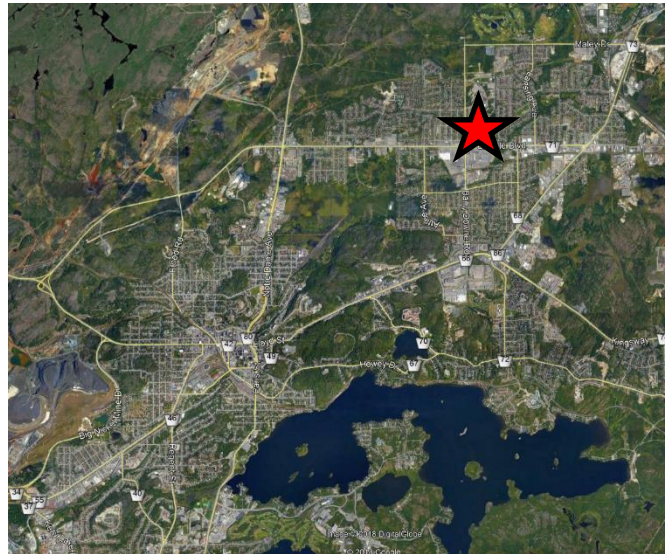
1528 Kennedy (Low Rise Apartment)



**Project Description:** 1528 Kennedy is a single storey “motel-style” apartment building containing 8 bachelor and 12 one-bedroom units. It is located in New Sudbury just north of the New Sudbury Centre. Each unit has a separate ground-related entrance and there is a small parking lot and common area. The project is classified as an “adult” building given the small unit sizes.

**Building Characteristics:**

- Property Age: Constructed in 1967 – 51 years old.
- Elevator: No
- Heat Source: Electric
- Includes: Heat, hot and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2015



**Operating Costs:** The operating costs for 1528 Kennedy are \$72,853, of which approximately \$59,000 are directly attributable to the project.

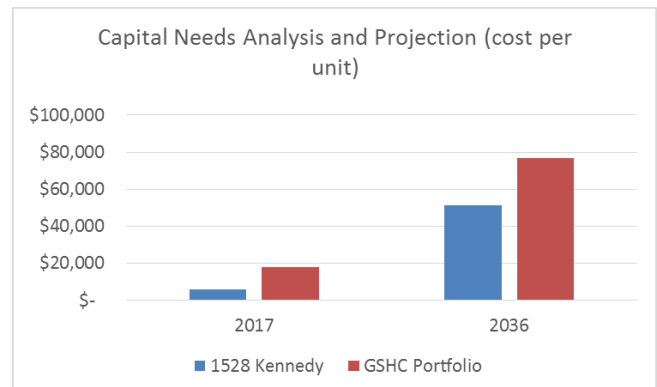
Of the costs directly attributable to the project, each of these units produce an operating cost of \$2,950, which is much less than the average low-rise apartment across the GSHC portfolio. In fact, 1528 Kennedy is slightly cheaper to operate than the average unit across the entire GSHC portfolio. Some key findings are as follows:

- Utility costs are well below the average low-rise apartment in the GSHC portfolio due to lower gas (electric heating) and water bills. The lower utility bills are likely due to the smaller unit/household sizes.
- The turnover rate in 2017 was only 10%, which is much lower than all low-rise apartments (23%) and all units in the portfolio (21%). The project therefore experiences low move-out costs relative to other assets in the GSHC portfolio, which is due to the low turnover and smaller unit size (one-bedroom suites).
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate observed at 1528 Kennedy will result in a lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis than the other low-rise apartments in the GSHC portfolio, however they are more expensive than the scattered units and high-rise apartments. Generally, maintenance costs are lower for scattered units due to the reasons discussed in Chapter 2 of this report. High-rise apartments also display a lower per-unit maintenance costs due to similar maintenance requirements being spread over a larger number of units.
- Operating costs increased by about \$3,500 between 2017 and 2018.



2017 Operating Cost Summary Table - 1528 Kennedy						
Item	1528 Kennedy		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	20		294		1,848	
Total Utilities	\$32,271	\$1,614	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$2,081	\$104	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$7,311	\$25	\$156,896	\$85
Water	\$7,138	\$357	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$23,052	\$1,153	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	10%		23%		21%	
Move Out Costs	\$1,061	\$53	\$66,842	\$227	\$488,447	\$264
Maintenance	\$25,620	\$1,281	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$47	\$2	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$59,000</b>	<b>\$2,950</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$1,762	\$88	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$773	\$39	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$10,446	\$522	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$872	\$44	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$13,854</b>	<b>\$693</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$72,853</b>	<b>\$3,643</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of only \$115,000, representing \$5,750 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to just over \$1.0 million or \$51,000 per unit (portfolio average is \$77,000 per unit). As per Asset Planner, \$25,000 is currently required for site/grounds repairs and the remaining \$90,000 are for building components. Significant repairs are due in 2023 (exterior windows), 2027 (kitchen refurbishment), and 2031 (roof). This data indicates that the building is currently in good shape and will continue to require lower capital investments on a per unit basis than the GSHC portfolio on average to 2036.



**Overall Utilization of the Site:** The motel like structure achieves a strong coverage of the site, aside from the small parking lot. The single-storey structure could potentially be intensified, however the site is located in an established low-density community.

**Wait List Data:** The apartment building is one of the most popular offerings in the GSHC portfolio. It has consistently had over 300 households on the wait list since 2011 and over 400 households since 2015. This is due to the strong demand for one-bedroom units, however the long wait list combined with the low turnover rate indicates that the building is an attractive offering. The popularity is also likely due to the desirable location in New Sudbury, nearby commercial space, single-floor living, and low-density residential context.

**Locational Attributes:** The property is located in the highly desirable New Sudbury neighbourhood and is just north of the New Sudbury commercial centre. While there are a number of other GSHC and Federal social housing units in the area,

these are mostly scattered or modest townhome units, which therefore results in a less concentrated social housing density. This location boasts strong transit and connectivity to the rest of the City and is an overall attractive neighbourhood.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise apartments averaged around \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$500,000 if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

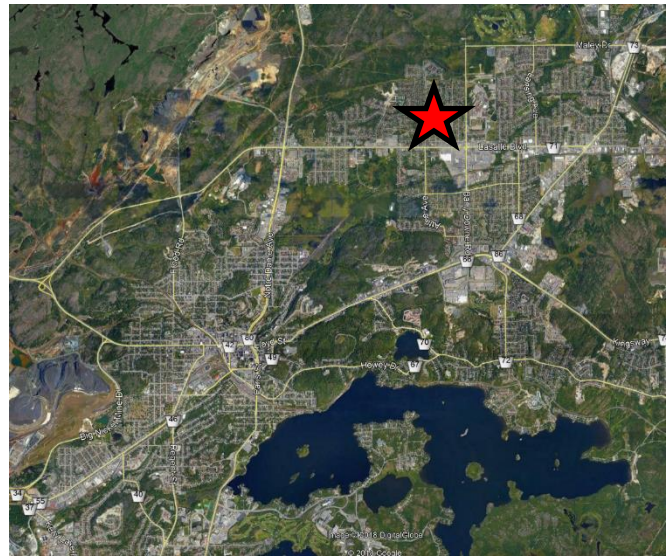
**Key Findings:** Overall, 1528 Kennedy experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study. This results in a high number of households on the wait list and low unit turnover/vacancy loss. The property is also relatively inexpensive to operate and has a modest current and forecasted capital need. The strong location and single-floor offering (strong accessibility/age friendly) also improves the utility of this asset. The popularity of the asset combined with its strong location and low capital/operating costs indicate it should continue to be a useful component of the GSHC housing portfolio looking forward.

1200 Attlee (townhomes)





**Project Description:** 1200 Attlee is a large townhome complex located in New Sudbury just north of the New Sudbury commercial centre. It contains 76 units (24 two-bedroom; 16 three-bedroom; 29 four-bedroom; 7 five bedroom) across 11 townhome blocks. The townhomes are classified as a “family” project by the GSHC. The townhome block structure appears fairly inefficient and is located within an established residential context but also has frontage on LaSalle Boulevard.



#### **Building Characteristics:**

- Property Age: Constructed in 1968 – 50 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Hot and cold water, heat, laundry tubs.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2017

**Operating Costs:** The operating costs for the 1200 Attlee townhomes is \$330,434, of which approximately \$232,789 are directly attributable to the project.

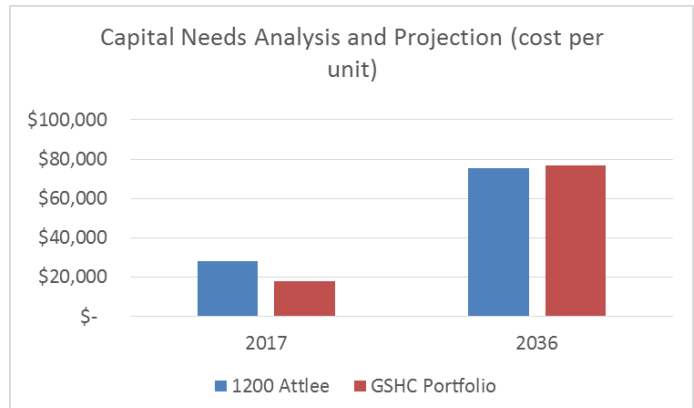
The operating costs on a per unit basis are approximately \$3,063 for the items that are directly attributable to the project, which is less than the average townhome in the GSHC portfolio. This operating cost is very similar to the average unit across the entire GSHC portfolio. Some key findings are as follows:

- The project experiences slightly lower utility costs than other townhomes. However, these costs are slightly higher than the GSHC portfolio-wide average and much higher than the average high-rise apartment.
- The turnover rate is much lower for these units (14%) than other townhomes in the GSHC portfolio (25%) and the portfolio wide average (21%). Move-out costs are therefore lower than the average for other townhomes in the GSHC portfolio but around the average for all units in the portfolio, which is likely due to the larger unit sizes at this project and corresponding higher cost to renovate these units for next occupancy.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance fees for the project are generally similar to other townhomes in the GSHC portfolio.
- Operating costs decreased by nearly \$40,000 between 2016 and 2017.



2017 Operating Cost Summary Table - 1200 Attlee						
Item	1200 Attlee		Townhomes		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	76		547		1,848	
Total Utilities	\$149,746	\$1,970	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$66,201	\$871	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$11,535	\$152	\$93,453	\$171	\$156,896	\$85
Water	\$65,116	\$857	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$6,893	\$91	\$53,745	\$98	\$973,989	\$527
Turnover Rate	14%		25%		21%	
Move Out Costs	\$21,010	\$276	\$211,020	\$386	\$488,447	\$264
Maintenance	\$60,673	\$798	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$1,360	\$18	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$232,789</b>	<b>\$3,063</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$12,419	\$163	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$5,450	\$72	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$73,629	\$969	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$6,147	\$81	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$97,645</b>	<b>\$1,285</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$330,434</b>	<b>\$4,348</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The townhomes currently have an unfunded capital need of \$2.1 million, representing \$28,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$5.7 million or \$75,000 per unit (portfolio average is \$77,000 per unit). The data indicates that the property has a higher capital need on a per unit basis than the average across the GSHC portfolio, however the capital need will increase modestly to 2036, at which time it will be slightly below the portfolio average on a per unit basis. The current capital need is comprised primarily of site development works, underground substructure work, and exterior walls. Steady capital repairs are required looking forward to 2036.



**Overall Utilization of the Site:** The property is underutilized with a series of low-density townhome blocks, lane parking, and an overall inefficient site design. While the surrounding low-density context will limit density/height, a more compact urban development could be considered as well as a taller building along the Lasalle frontage if a comprehensive redevelopment was contemplated.

**Wait List Data:** Unlike other townhome projects with larger suite sizes, this project is very popular amongst tenants and currently has 44 households on the wait list. The wait list for this project has been shrinking in recent years however, as there were over 100 households on the wait list between 2011 and 2015.

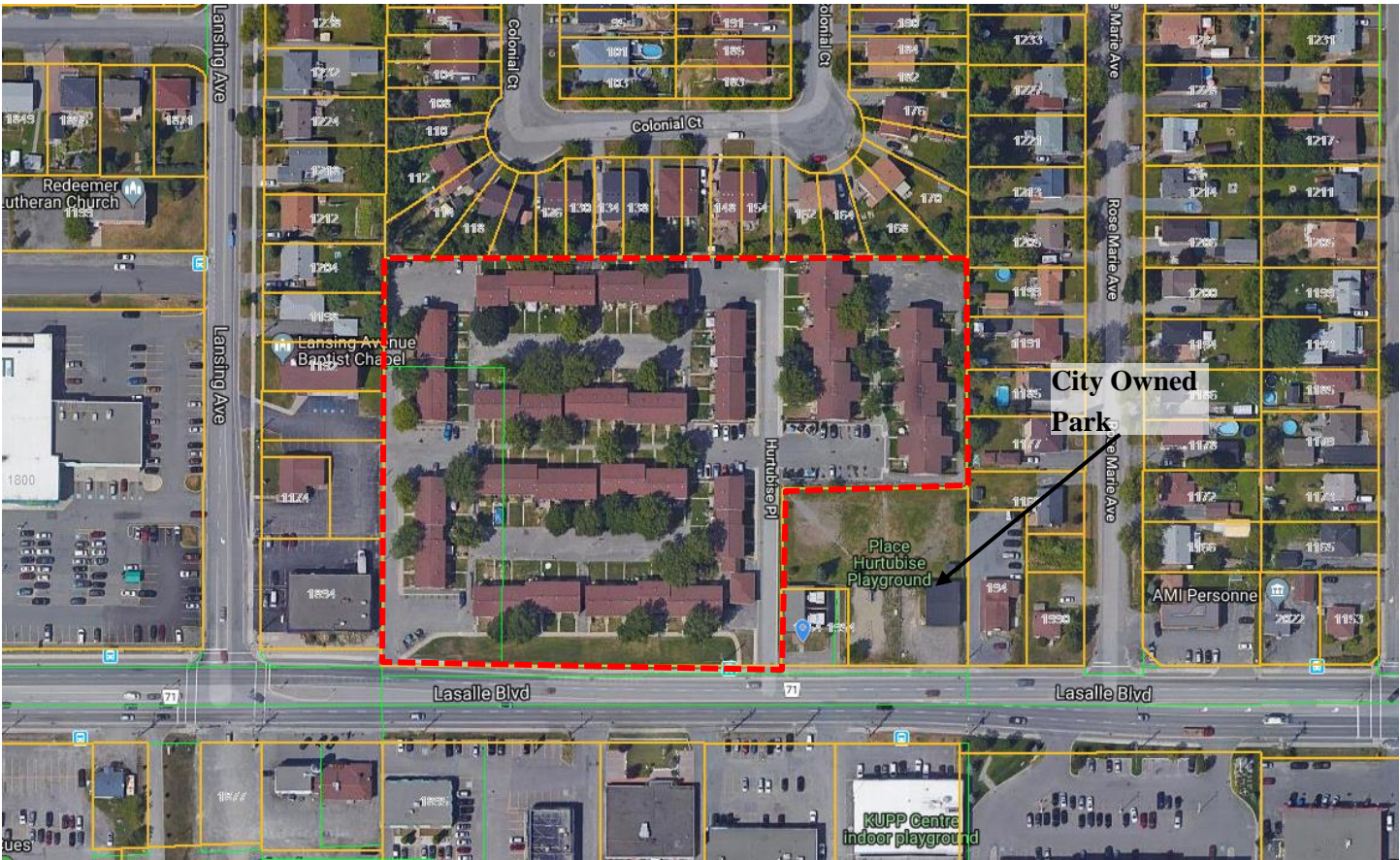
**Locational Attributes:** The property is located in the highly desirable New Sudbury neighbourhood and is just north of the New Sudbury commercial centre. This location boasts strong transit and connectivity to the rest of the City and is an overall attractive neighbourhood.

**Appraised Value:** There has not been an appraisal for this asset yet. Using the appraisal completed for other townhomes (Cabot Park - appraisal undertaken in 2009) would result in a total sale value of approximately \$2.5 million if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, the townhomes at 1200 Attlee require a sizeable capital investment in the near term, is a fairly inefficient site design, and does not address the most pressing demand of one-bedroom units. Notwithstanding the above issues, it is well located in New Sudbury, is popular amongst tenants (low turnover and long wait list), and is relatively inexpensive to operate. Overall, the data indicates that the property is a useful component of the GSHC housing portfolio and requires limited revitalization actions aside from necessary capital repairs and maintenance.

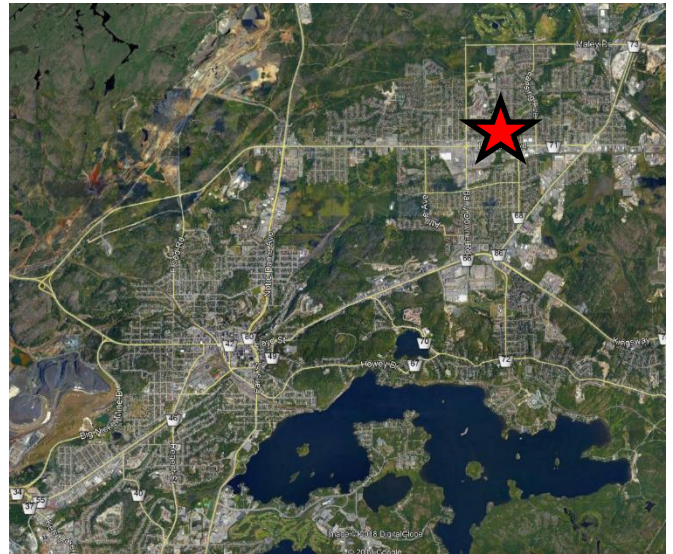


1950 Lasalle (townhomes)





**Project Description:** 1950 Lasalle is a large townhome complex located in New Sudbury just east of the New Sudbury commercial centre. It contains 106 units (20 two-bedroom; 74 three-bedroom; 12 four-bedroom;) across 20 townhome blocks. The townhomes are classified as a “family” project by the GSHC. The site has significant frontage on Lasalle Boulevard with low-density homes at the back (north) frontage.



#### **Building Characteristics:**

- Property Age: Constructed in 1971 – 47 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Hot and cold water, heat, laundry tubs.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2019

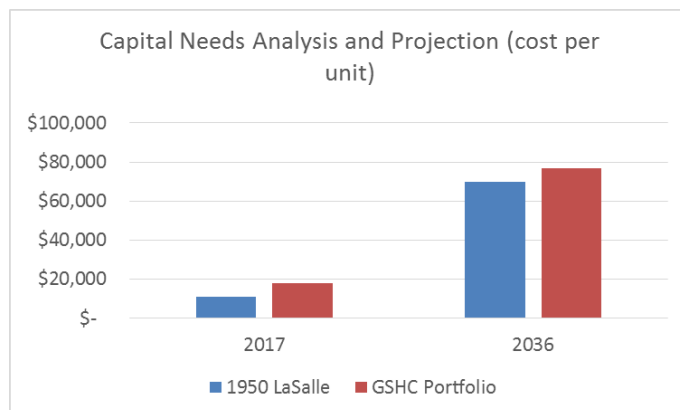
**Operating Costs:** The operating costs for the 1950 LaSalle townhomes is \$487,667, of which approximately \$359,187 are directly attributable to the project.

The operating costs on a per unit basis are approximately \$3,389 for the items that are directly attributable to the project, which is higher than both the average townhome and average unit in the GSHC portfolio. Some key findings are as follows:

- The project experiences higher utility costs than other townhomes, which is primarily due to higher gas and water costs. Relative to the portfolio average and particularly the high-rise units, utilities are much more expensive at this project.
- The turnover rate is also high at 1950 LaSalle (28%) relative to other townhomes in the GSHC portfolio (25%) and the portfolio wide average (21%). Move-out costs are much higher given the high turnover rate and larger unit size. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The higher turnover rate will result in a higher vacancy loss.
- Maintenance fees for the project are lower than other townhomes and the GSHC portfolio average.
- Operating costs increased by nearly \$8,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 1950 Lasalle						
Item	1950 Lasalle		Townhomes		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	106		547		1,848	
Total Utilities	\$234,018	\$2,208	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$112,814	\$1,064	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$20,035	\$189	\$93,453	\$171	\$156,896	\$85
Water	\$90,276	\$852	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$10,893	\$103	\$53,745	\$98	\$973,989	\$527
Turnover Rate	28%		25%		21%	
Move Out Costs	\$54,909	\$518	\$211,020	\$386	\$488,447	\$264
Maintenance	\$68,943	\$650	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$1,316	\$12	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$359,187</b>	<b>\$3,389</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$16,341	\$154	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$7,171	\$68	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$96,881	\$914	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$8,088	\$76	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$128,481</b>	<b>\$1,212</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$487,667</b>	<b>\$4,601</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The townhomes currently have an unfunded capital need of only \$1.1 million, representing \$11,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$7.4 million or \$70,000 per unit (portfolio average is \$77,000 per unit). This data indicates that the property is currently in good shape relative to the portfolio average and capital needs will increase modestly to 2036, at which time it will be slightly below the portfolio average on a per unit basis. The current capital need is comprised primarily of underground substructure work and exterior walls. Steady capital repairs are required looking forward to 2036.



**Overall Utilization of the Site:** Relative to some of the other townhome complexes operated by the GSHC, the property is efficiently developed with townhome blocks. However, a more compact urban form is possible along with greater density, especially along the LaSalle frontage.

**Wait List Data:** Similar to the Attlee townhome complex, this project is very popular amongst tenants and currently has 34 households on the wait list. The wait list for this project has been shrinking in recent years however, as there were over 100 households on the wait list between 2011 and 2015. This is in contrast to other townhome projects that have considerably lower wait lists.

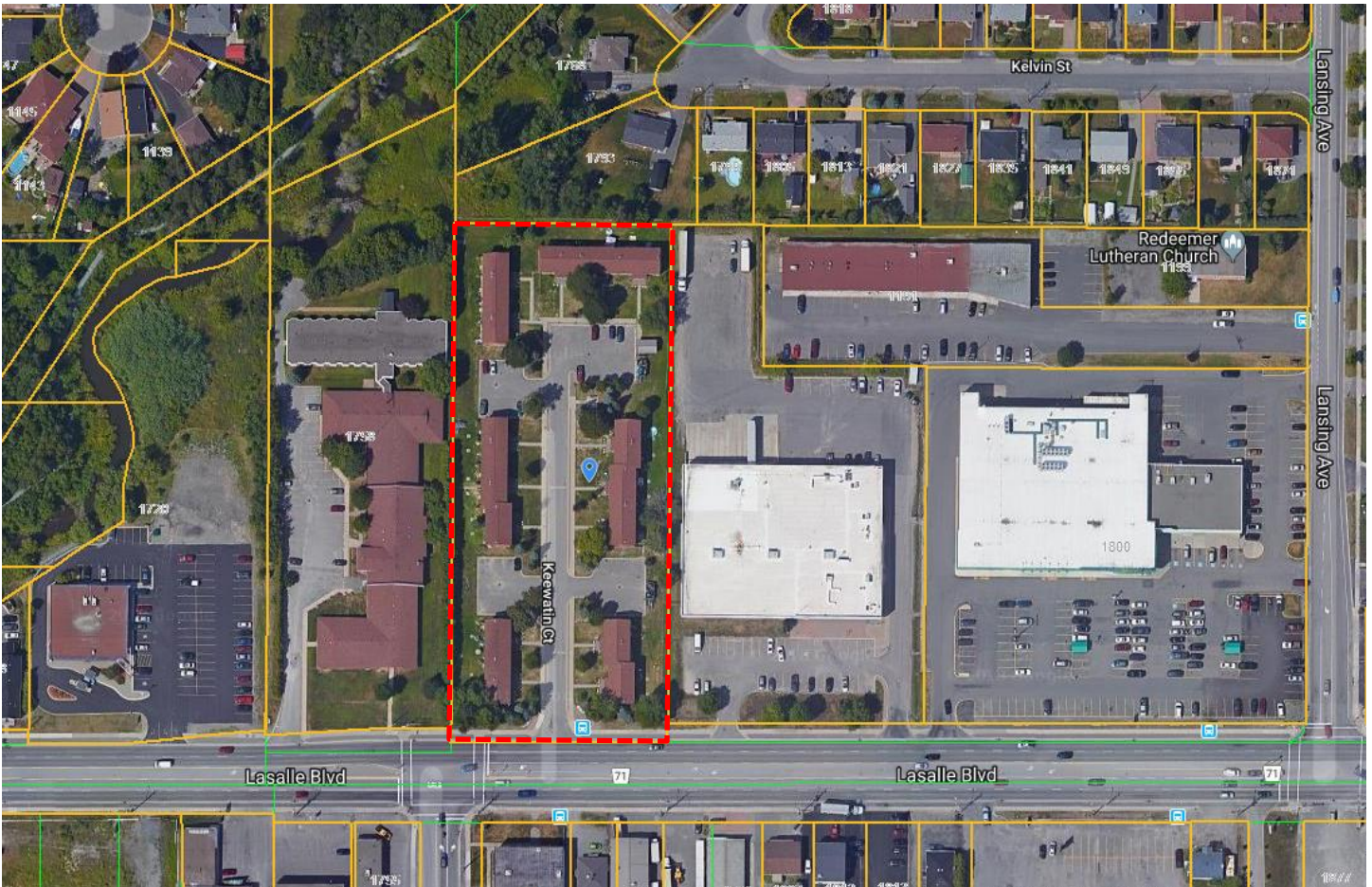
**Locational Attributes:** The property is located in the highly desirable New Sudbury neighbourhood and is just east of the New Sudbury commercial centre. This location boasts strong transit and connectivity to the rest of the City and is an overall attractive neighbourhood.

**Appraised Value:** There has not been an appraisal for this asset yet. Using the appraisal completed for other townhomes (Cabot Park - appraisal undertaken in 2009) would result in a total sale value of approximately \$3.2 million if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, the townhomes at 1950 LaSalle are slightly more expensive to operate on a per unit basis than other townhomes and the average unit within the GSHC portfolio. However, capital needs are currently modest and projected to remain modest (relative to the portfolio average) by 2036. The property is also well located in New Sudbury and is popular amongst tenants, despite having a high turnover rate. While the property is a useful component of the GSHC housing portfolio, its strategic location and significant frontage along LaSalle could offer the opportunity for a more significant development opportunity, although this does not appear to be a high priority action at this time.

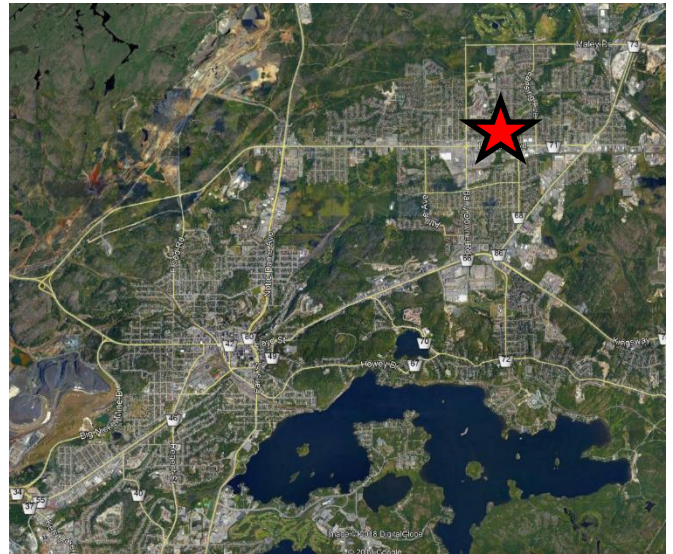


## 1778 Lasalle (townhomes)





**Project Description:** 1778 Lasalle is a smaller townhome complex located in New Sudbury just east of the New Sudbury commercial centre. It contains 30 units (16 three-bedroom; 11 four-bedroom; 3 five-bedroom) across 6 townhome blocks. The townhomes are classified as a “family” project by the GSHC. The site has significant frontage on Lasalle Boulevard and is flanked by residential and commercial uses. The site design incorporates a wide boulevard and significant surface parking.



#### **Building Characteristics:**

- Property Age: Constructed in 1967 – 51 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Hot and cold water, heat, hydro, cooking power, laundry tubs.
- SHRRP Investment: \$165,000
- EOD: January 1<sup>st</sup>, 2016

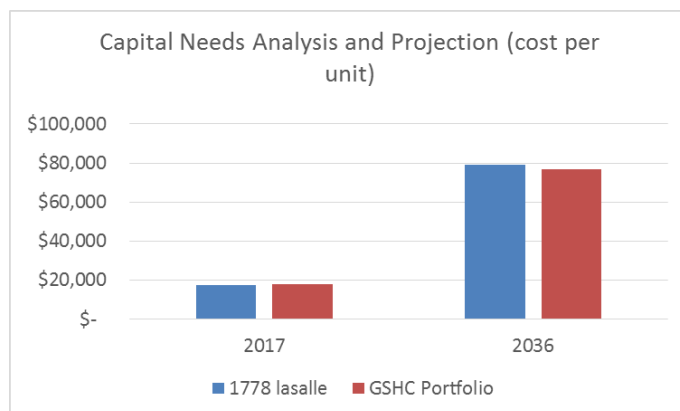
**Operating Costs:** The operating costs for the 1778 LaSalle townhomes is \$152,513, of which approximately \$111,846 are directly attributable to the project.

The operating costs on a per unit basis are approximately \$3,728 for the items that are directly attributable to the project, which is significantly higher than both the average townhome and average unit in the GSHC portfolio. Some key findings are as follows:

- The project experiences higher utility costs than other townhomes, which is primarily due to higher gas and water costs. Relative to the portfolio average and particularly the high-rise units, utilities are much more expensive at this project.
- The turnover rate is also high at 1778 LaSalle (33%) relative to other townhomes in the GSHC portfolio (25%) and the portfolio wide average (21%). Move-out costs are much higher given the high turnover rate and larger unit size. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The higher turnover rate will result in a higher vacancy loss.
- Maintenance fees for the project are similar to the other townhomes and the GSHC portfolio average.
- Operating costs decreased by over \$5,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 1778 lasalle						
Item	1778 Lasalle		Townhomes		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	30		547		1,848	
Total Utilities	\$71,960	\$2,399	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$34,038	\$1,135	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$4,899	\$163	\$93,453	\$171	\$156,896	\$85
Water	\$29,089	\$970	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$3,933	\$131	\$53,745	\$98	\$973,989	\$527
Turnover Rate	33%		25%		21%	
Move Out Costs	\$15,161	\$505	\$211,020	\$386	\$488,447	\$264
Maintenance	\$24,629	\$821	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$97	\$3	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$111,846</b>	<b>\$3,728</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$5,172	\$172	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$2,270	\$76	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$30,665	\$1,022	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$2,560	\$85	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$40,667</b>	<b>\$1,356</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$152,513</b>	<b>\$5,084</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The townhomes currently have an unfunded capital need of \$527,000, representing \$17,500 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$2.3 million or \$80,000 per unit (portfolio average is \$77,000 per unit). This data indicates that the required capital costs are in line with the portfolio average on a per unit basis both currently and as projected by Asset Planner to 2036. The current capital need is comprised primarily of exterior wall works. The bulk of future capital repairs are required between 2022 and 2024.



**Overall Utilization of the Site:** The property accommodates surface parking and a wide boulevard, which results in a fairly inefficient site design. While a compact redevelopment could take better advantage of the LaSalle frontage, no residual lands are currently available for new housing aside from the small parking lots.

**Wait List Data:** Unlike the other townhome projects in New Sudbury (Attlee and 1950 LaSalle), the wait list at 1778 LaSalle is comparatively small with only 12 households on the wait list and consistently under 40 households since 2011.

**Locational Attributes:** The property is located in the highly desirable New Sudbury neighbourhood and is just east of the New Sudbury commercial centre. This location boasts strong transit and connectivity to the rest of the City and is an overall attractive neighbourhood.

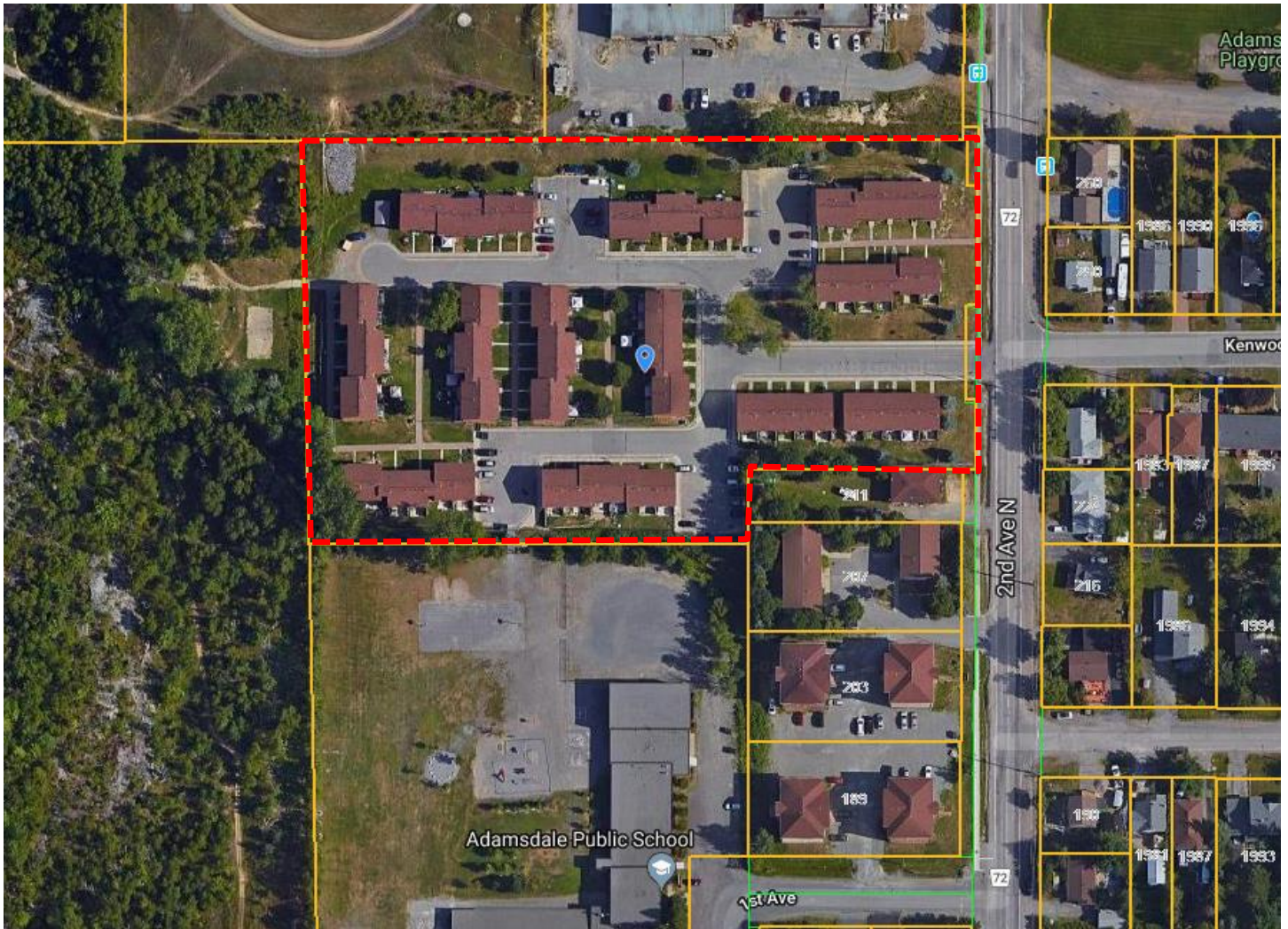
**Appraised Value:** There has not been an appraisal for this asset yet. Using the appraisal completed for other townhomes (Cabot Park - appraisal undertaken in 2009) would result in a total sale value of approximately \$1.0 million if the entire

property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, the townhomes at 1778 LaSalle experience lower levels of demand, are expensive to operate, require moderate current and future capital needs, and do not address the major demand profiles of RGI tenants. The strong locational attributes and relatively underutilized site could present an interesting redevelopment opportunity. While the property is not as strong of a redevelopment parcel as some of the other sites owned by the GSHC given its long and narrow shape, it could accommodate significantly greater density through townhomes, stacked townhomes, and possibly mid-rise apartments.

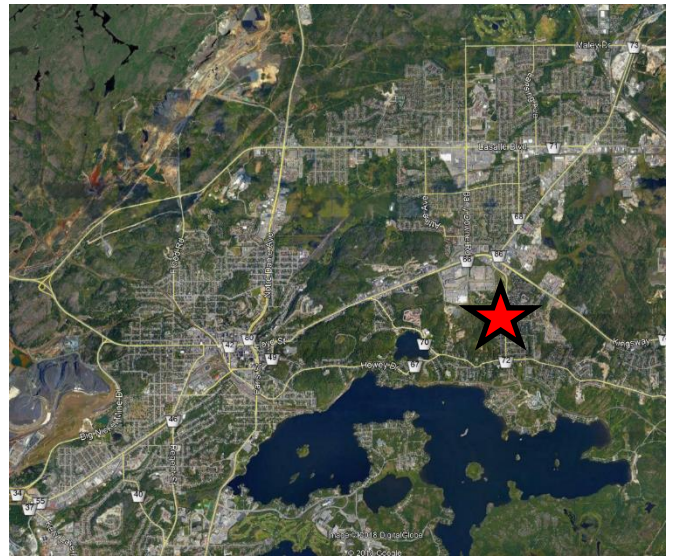


## 241 Second Avenue North (townhomes)





**Project Description:** 241 Second Avenue is a townhome complex consisting of 70 units (36 three-bedroom; 26 four-bedroom; 8 five-bedroom) across 12 townhome blocks. It is located in the Minnow Lake Community south of New Sudbury and east of the downtown. It is a fairly efficient and compact townhome development and is immediately adjacent a school to the south as well as other apartment buildings. The townhomes are classified as a “family” project by the GSHC.



#### **Building Characteristics:**

- Property Age: Constructed in 1967 – 51 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Hot and cold water, heat, laundry tubs.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2015

**Operating Costs:** The operating costs for the 241 Second Ave townhomes is \$329,075, of which approximately \$233,664 are directly attributable to the project.

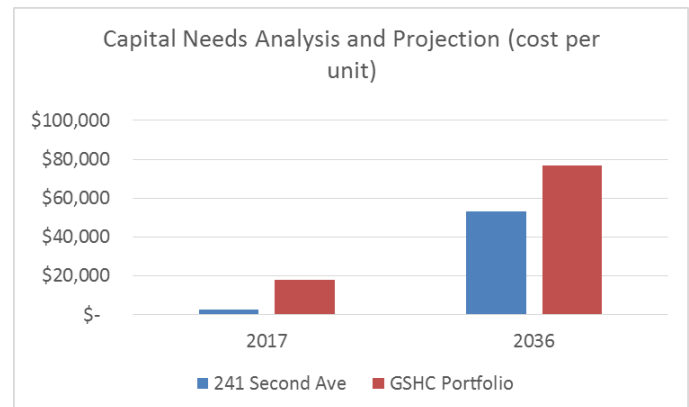
The operating costs on a per unit basis are approximately \$3,338 for the items that are directly attributable to the project, which is higher than both the average townhome and average unit in the GSHC portfolio. Some key findings are as follows:

- The project experiences higher utility costs than other townhomes, which is primarily due to higher water costs. Relative to the portfolio average and particularly the high-rise units, utilities are much more expensive at this project.
- The turnover rate at this project (20%) is below the average for other townhomes in the GSHC portfolio (25%) and similar to the portfolio wide average (21%). Move-out costs are therefore lower than the typical townhome in the portfolio. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance fees for the project are similar to the other townhomes and the GSHC portfolio average.
- Operating costs decreased by nearly \$5,000 between 2016 and 2017.



2017 Operating Cost Summary Table - 241 Second Ave						
Item	241 Second Ave		Townhomes		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	70		547		1,848	
Total Utilities	\$153,069	\$2,187	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$60,405	\$863	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$13,382	\$191	\$93,453	\$171	\$156,896	\$85
Water	\$71,991	\$1,028	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$7,291	\$104	\$53,745	\$98	\$973,989	\$527
Turnover Rate	20%		25%		21%	
Move Out Costs	\$18,889	\$270	\$211,020	\$386	\$488,447	\$264
Maintenance	\$61,585	\$880	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$120	\$2	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$233,664</b>	<b>\$3,338</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$12,135	\$173	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$5,325	\$76	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$71,944	\$1,028	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$6,006	\$86	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$95,411</b>	<b>\$1,363</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$329,075</b>	<b>\$4,701</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The townhomes currently have an unfunded capital need of \$200,000, representing \$2,885 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$3.7 million or \$53,000 per unit (portfolio average is \$77,000 per unit). This data indicates that the complex is currently in very good shape relative to other assets and requires minimal capital investment as of 2017. Notwithstanding this, over \$1.0 million is required over the next three years for kitchen refurbishments and furnace maintenance/replacement. Modest capital costs will continue to accumulate looking forward, however the asset will still require a lower capital investment per unit than the GSHC portfolio-wide average by 2036.



**Overall Utilization of the Site:** Overall the property appears to be well utilized with a series of townhome blocks. There could be an opportunity to increase the density on site if a redevelopment was contemplated.

**Wait List Data:** The townhome complex has consistently had under 20 households on the wait list since 2011, with only 7 households currently waiting for this property.

**Locational Attributes:** The property is located in Minnow Lake in a low-density residential context but is surrounded by low-rise apartments. The site is well serviced by transit and there are nearby commercial uses that are walkable, depending on the accessibility characteristics of tenants. The location of the project appears attractive, with low demand likely due to the lack of one-bedroom units (only New Sudbury Townhomes appear to generate strong wait list demand).

**Appraised Value:** There has not been an appraisal for this asset yet. Using the appraisal completed for other townhomes (Cabot Park - appraisal undertaken in 2009) would result in a total sale value of approximately \$2.4 million if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

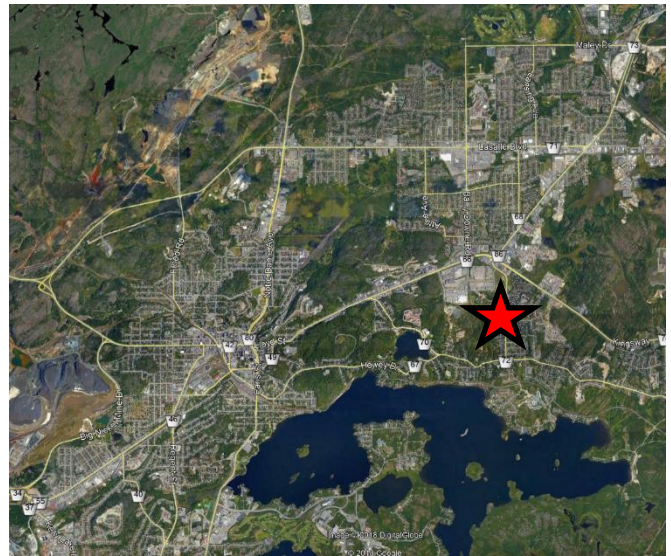
**Key Findings:** Overall, the townhomes at 241 Second Avenue are expensive to operate. However, the homes are in good shape from a capital perspective and will require modest capital investments to 2036 relative to other assets in the portfolio. While demand is currently modest, the property appears well utilized, is in a good location in the City, and meets the modest demand for larger RGI units across the service area.

491 Camelot (townhomes)





**Project Description:** 491 Camelot is a townhome complex consisting of 42 units (20 two-bedroom and 22 three-bedroom) across 6 townhome blocks. It is located in the Minnow Lake Community south of New Sudbury and east of the downtown. It is a fairly efficient and compact townhome development and is immediately adjacent a commercial building and low-density residential homes. The townhomes are classified as a “family” project by the GSHC.



#### **Building Characteristics:**

- Property Age: Constructed in 1971 – 47 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Hot and cold water, heat, laundry tubs.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2019

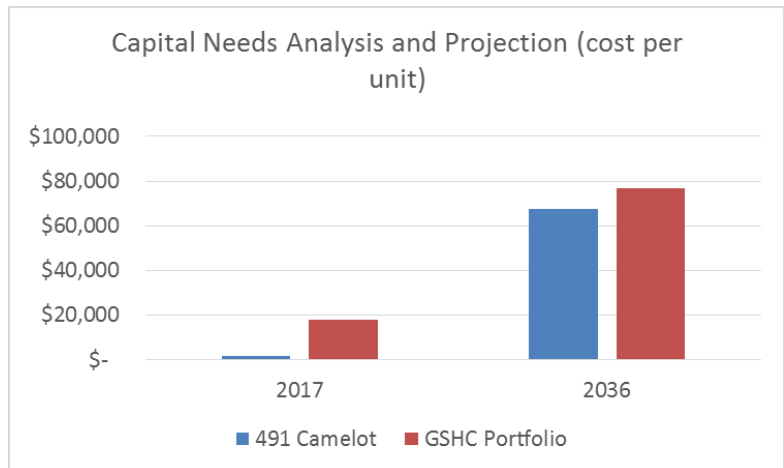
**Operating Costs:** The operating costs for the 491 Camelot townhomes is \$165,795, of which approximately \$118,648 are directly attributable to the project.

The operating costs on a per unit basis are approximately \$2,825 for the items that are directly attributable to the project, which is lower than both the average townhome and average unit in the GSHC portfolio. Some key findings are as follows:

- The project experiences lower utility costs than other townhomes, which is primarily due to lower water costs.
- The turnover rate at this project (31%) is above the average for other townhomes in the GSHC portfolio (25%) and similar to the portfolio wide average (21%). Move-out costs are lower than the typical townhome for this reason. Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The higher turnover rate will result in a higher vacancy loss.
- Maintenance fees for the project are similar to the other townhomes and the GSHC portfolio average.
- Operating costs decreased by nearly \$5,000 between 2016 and 2017.

2017 Operating Cost Summary Table - 491 Camelot						
Item	491 Camelot		Townhomes		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	42		547		1,848	
Total Utilities	\$77,825	\$1,853	\$1,121,762	\$2,051	\$3,448,130	\$1,866
Gas	\$38,641	\$920	\$537,324	\$982	\$1,297,495	\$702
Hot Water Tank Rentals	\$6,166	\$147	\$93,453	\$171	\$156,896	\$85
Water	\$29,716	\$708	\$437,240	\$799	\$1,019,750	\$552
Electricity	\$3,302	\$79	\$53,745	\$98	\$973,989	\$527
Turnover Rate	31%		25%		21%	
Move Out Costs	\$13,015	\$310	\$211,020	\$386	\$488,447	\$264
Maintenance	\$27,808	\$662	\$463,604	\$848	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$3,348	\$6	\$14,441	\$8
<b>Sub-total</b>	<b>\$118,648</b>	<b>\$2,825</b>	<b>\$1,799,733</b>	<b>\$3,290</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$5,997	\$143	\$87,376	\$160	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$2,631	\$63	\$38,342	\$70	\$105,642	\$57
Field Staff Salary and Benefits	\$35,551	\$846	\$518,017	\$947	\$1,427,263	\$772
General Maintenance	\$2,968	\$71	\$43,247	\$79	\$119,155	\$64
<b>Sub-total</b>	<b>\$47,147</b>	<b>\$1,123</b>	<b>\$686,982</b>	<b>\$1,256</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$165,795</b>	<b>\$3,948</b>	<b>\$2,486,715</b>	<b>\$4,546</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The townhomes currently have an unfunded capital need of only \$83,500, representing \$2,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$2.8 million or \$67,000 per unit (portfolio average is \$77,000 per unit). This data indicates that the complex is currently in very good shape relative to other assets and requires minimal capital investment as of 2017. Notwithstanding this, over \$1.0 million is required over the next three years for kitchen refurbishments, site works, and furnace maintenance/replacement. Modest capital costs will continue to accumulate looking forward, however the asset will still require a lower capital investment per unit than the GSHC portfolio-wide average by 2036.



**Overall Utilization of the Site:** Overall the property appears to be well utilized with a series of townhome blocks. While there are no residual lands, the surrounding context would likely allow for higher and more compact density if redevelopment was considered.

**Wait List Data:** The townhomes consistently had a wait list between 50 and 80 between 2011 and 2015. Now there are only 17 on the wait list, however this is still higher than the average townhome/larger unit projects in the portfolio.

**Locational Attributes:** The property is located in Minnow Lake in a low-density residential context but is surrounded by low-rise apartments. The site is well serviced by transit and there are nearby commercial uses that are walkable, depending



on accessibility characteristics of tenants. The location of the project appears attractive, with low demand likely due to the lack of one-bedroom units (only New Sudbury Townhomes appear to generate strong wait list demand).

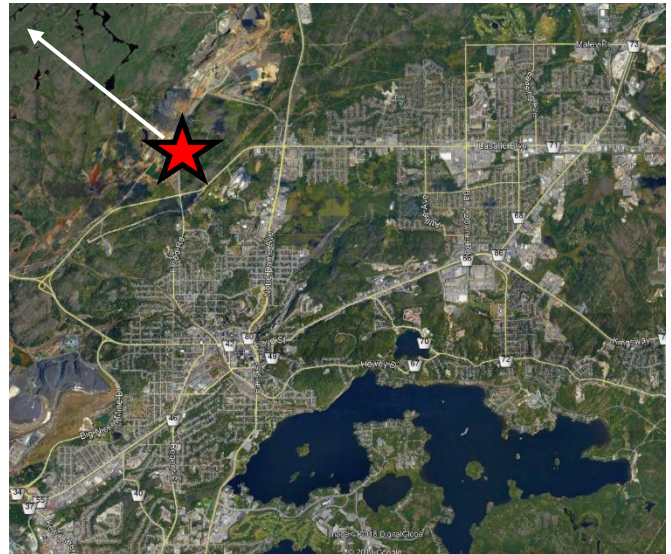
**Appraised Value:** There has not been an appraisal for this asset yet. Using the appraisal completed for other townhomes (Cabot Park - appraisal undertaken in 2009) would result in a total sale value of approximately \$2.4 million if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** The property is relatively cost effective to operate and has modest current and projected capital needs. Unlike other townhome projects with larger suite sizes, this project is popular amongst tenants as currently has 17 households on the wait list. The wait list for this project has been shrinking in recent years however, as there were over 70 households on the wait list between 2011 and 2015. The property is in good shape and meets the modest demand for larger RGI units across the City.

3553 Montpelier (Low Rise Apartment)



**Project Description:** 3553 Montpelier Road is a two-storey walk-up apartment building located in Chemsford, an outlying community approximately 20 km northwest of downtown Sudbury. The building contains 41 one-bedroom units. The building is adjacent another non-profit social housing building. There are also a number of scattered social housing homes that are owned by the GSHC and others in Chelmsford. The building is also adjacent open green space and low-density homes to the west.



#### **Building Characteristics:**

- Property Age: Constructed in 1977 – 41 years old.
- Elevator: No
- Heat Source: Electric
- Includes: Heat, hot and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$20,730; over \$400,000 in funding for solar panels.
- EOD: January 1<sup>st</sup>, 2023

**Operating Costs:** The operating costs for 3553 Montpelier are \$128,541, of which approximately \$96,500 are directly attributable to the project.

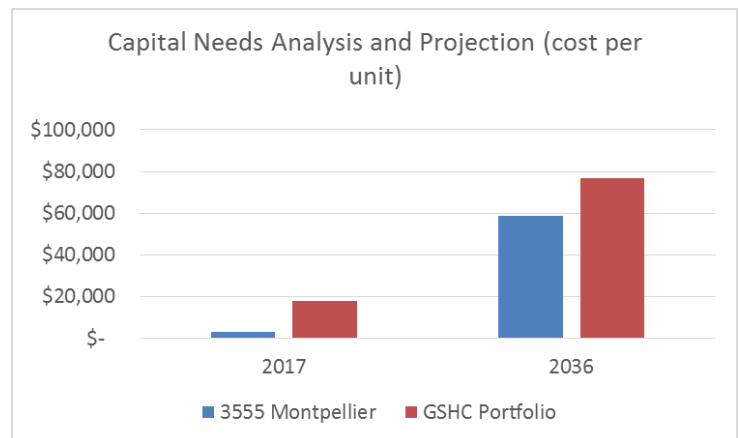
Of the costs directly attributable to the project, each of these units produce an operating cost of \$2,353, which is much less than the average low-rise apartment. In fact, this project is slightly less expensive to operate than the average high-rise apartment, which are the most inexpensive units in the GSHC portfolio. Some key findings are as follows:

- Utility costs are well below the average low-rise apartment in the GSHC portfolio due to lower gas (electric heating) and water bills. The lower utility bills are likely due to the smaller unit/household sizes.
- The turnover rate in 2017 was under 5%, which is much lower than all low-rise apartments (23%) and all units in the portfolio (21%). The project therefore experiences low move-out costs relative to other assets in the GSHC portfolio, which is due to the low turnover and smaller unit size (one-bedroom suites).
- Of note, move out costs includes cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis than the other low-rise apartments in the GSHC portfolio, however they are more expensive than the scattered units and high-rise apartments.
- Operating costs decreased by about \$12,500 between 2017 and 2018.



2017 Operating Cost Summary Table - 3553 Montpellier						
Item	3553 Montpellier		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	41		294		1,848	
Total Utilities	\$56,486	\$1,378	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$3,669	\$89	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$7,311	\$25	\$156,896	\$85
Water	\$9,992	\$244	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$42,826	\$1,045	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	5%		23%		21%	
Move Out Costs	\$2,279	\$56	\$66,842	\$227	\$488,447	\$264
Maintenance	\$36,409	\$888	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$1,004	\$24	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$298	\$7	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$96,477</b>	<b>\$2,353</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$4,078	\$99	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$1,790	\$44	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$24,178	\$590	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$2,019	\$49	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$32,064</b>	<b>\$782</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$128,541</b>	<b>\$3,135</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of only \$136,000, representing \$3,300 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to just over \$2.4 million or \$58,000 per unit (portfolio average is \$77,000 per unit). This data indicates that the complex is currently in very good shape and will continue to have less costly capital needs (on a per unit basis) than the average across the GSHC portfolio to 2036.



**Overall Utilization of the Site:** The modest two-storey structure achieves a strong coverage of the site, aside from the relatively deep setback from Montpellier Road. There is an opportunity to potentially build a taller building on the site.

**Wait List Data:** The apartment building has consistently had over 100 households on the wait list since 2011. While this is shorter than the apartments offering one-bedroom suites closer to the City (average of over 300 households), this is still strong demand that satisfies a need outside of the former City of Sudbury.

**Locational Attributes:** The property is located in the outlying community of Chelmsford. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City) it is an attractive community. It is also important for the GSHC to offer a diversified product across the service area.

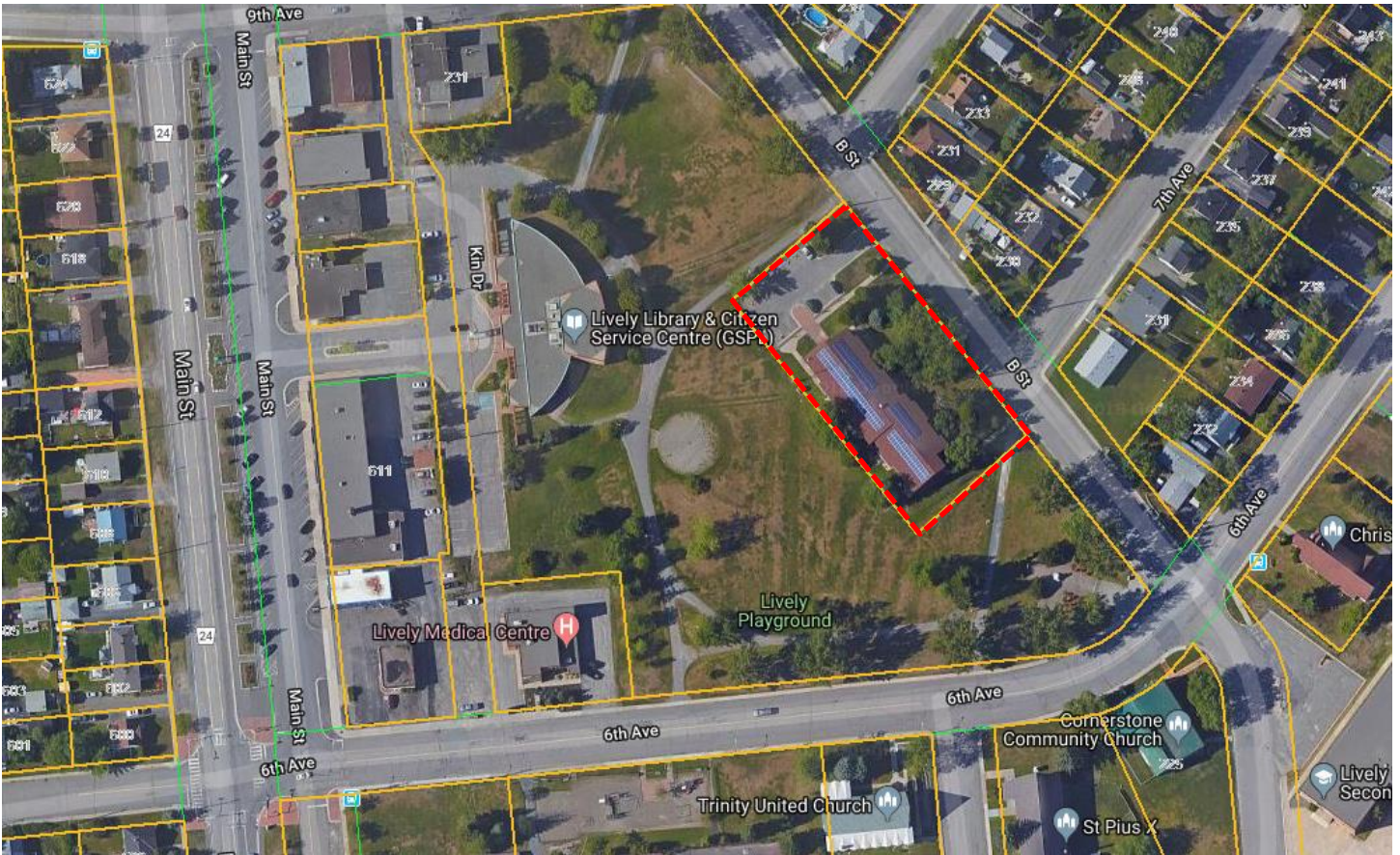
**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise apartments averaged around \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of

approximately \$1.0 million if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, 3553 Montpelier experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study, albeit the wait list is more modest than other one-bedroom apartment buildings closer to the City. This results in a high number of households on the wait list and very low unit turnover/vacancy loss. The property is also relatively inexpensive to operate and has a modest current and forecasted capital need. The asset currently is a useful component of the GSHC portfolio and will continue to be for the foreseeable future.

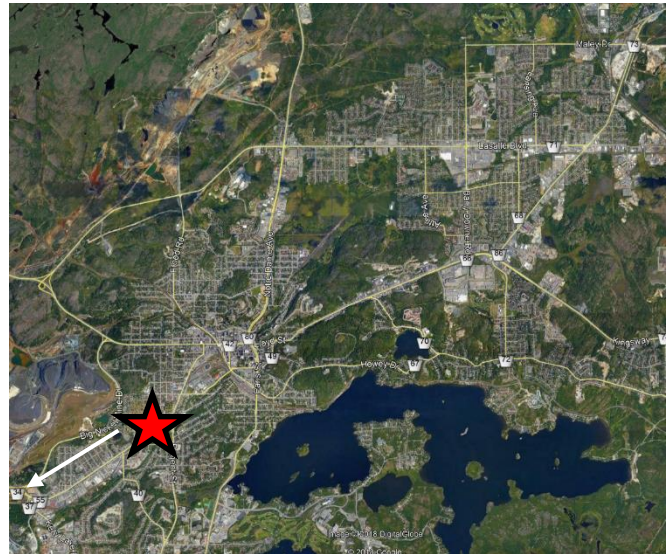


## 240 B Street (Low Rise Apartment)





**Project Description:** 240 B Street is a two-storey walk-up apartment building with 26 one-bedroom units. It is located in the Lively neighbourhood near the main commercial area approximately 17 km southwest of downtown Sudbury. The building is adjacent a large park and City library, with low-density residential homes across the street. The site accommodates good building coverage and also has a small surface parking lot.



#### **Building Characteristics:**

- Property Age: Constructed in 1977 – 41 years old.
- Elevator: No
- Heat Source: Electric
- Includes: Heat, hot and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$56,588; over \$250,000 in funding for solar panels.
- EOD: January 1<sup>st</sup>, 2024

**Operating Costs:** The operating costs for 240 B Street are \$108,034, of which approximately \$87,700 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,373, which is less than the average low-rise apartments but above the GSHC average for all units in the portfolio. Some key findings are as follows:

- Utility costs are slightly above the average low-rise apartment in the GSHC portfolio due to higher electricity (electric heating) bills. Gas and water costs are lower than the average likely due to the electric heating and also the smaller unit/household sizes.
- The turnover rate in 2017 was under 19%, which is slightly lower than all low-rise apartments (23%) and all units in the portfolio (21%). The project therefore experiences low move-out costs relative to other assets in the GSHC portfolio, which is due to the low turnover and smaller unit size (one-bedroom suites).
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis than the other low-rise apartments in the GSHC portfolio, however they are more expensive than the scattered units and high-rise apartments.
- Operating costs decreased by about \$3,300 between 2017 and 2018.

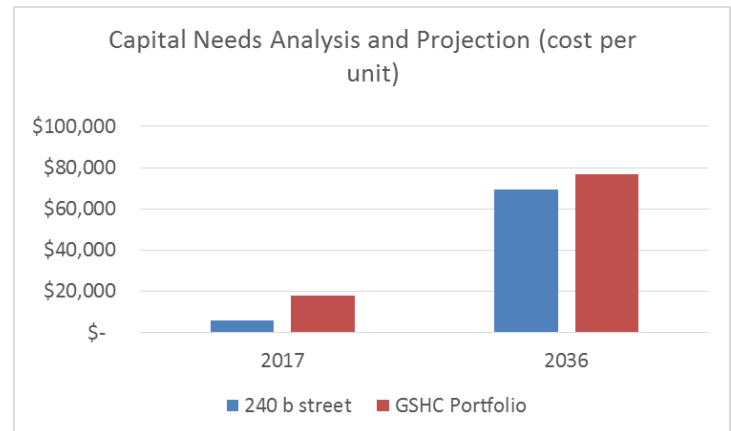
2017 Operating Cost Summary Table - 240 B Street						
Item	240 B Street		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	26		294		1,848	
Total Utilities	\$54,441	\$2,094	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$2,527	\$97	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$7,311	\$25	\$156,896	\$85
Water	\$9,750	\$375	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$42,165	\$1,622	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	19%		23%		21%	
Move Out Costs	\$2,722	\$105	\$66,842	\$227	\$488,447	\$264
Maintenance	\$30,490	\$1,173	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$47	\$2	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$87,700</b>	<b>\$3,373</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$2,586	\$99	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$1,135	\$44	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$15,332	\$590	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$1,280	\$49	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$20,333</b>	<b>\$782</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$108,034</b>	<b>\$4,155</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of only \$160,000, representing \$6,100 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to nearly \$1.8 million or \$69,000 per unit (portfolio average is \$77,000 per unit). This data indicates that the complex is currently in very good shape and will continue to have less costly capital needs (on a per unit basis) than the average across the GSHC portfolio to 2036.

**Overall Utilization of the Site:** The modest two-storey structure achieves a strong coverage of the site, aside from the relatively deep setback from B Street. There is an opportunity to potentially build a taller building on the site and/or expand onto the parking surface.

**Wait List Data:** The apartment building has consistently had over 60 households on the wait list since 2011. While this is shorter than the apartments offering one-bedroom suites closer to the City (average of over 300 households), this is still strong demand that must be met outside of the former City of Sudbury.

**Locational Attributes:** The property is located in the outlying community of Lively. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City), it is an attractive community that many residents would find appealing. It is also important for the GSHC to offer a diversified product across the service area.



**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise apartments averaged around \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$650,000 if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, 240 B Street experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study, albeit the wait list is more modest than other one-bedroom apartment buildings closer to the former City. This results in a high number of households on the wait list and modest unit turnover/vacancy loss. The property is also relatively inexpensive to operate and has a modest current and forecasted capital need. The asset is currently a useful component of the GSHC portfolio and will continue to be for the foreseeable future.

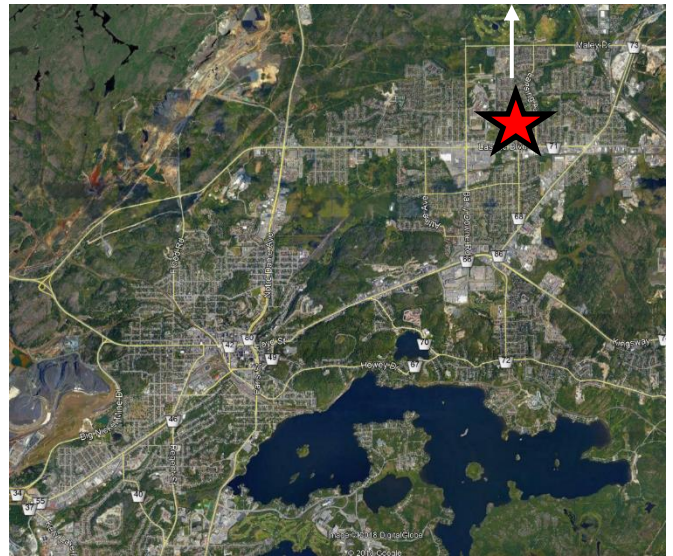


## 155 Lapointe (Low Rise Apartment)





**Project Description:** 155 Lapointe is a two-storey walk-up apartment that contains 27 one-bedroom suites. The building is designated for “adults” by the GSHC and is one of the newer buildings in the portfolio. It is located in the Hanmer/Valley East community, there are some non-GSHC scattered and townhome (300 Christa) projects in the area. The site appears underutilized with a large surface parking lot and some residual lands undeveloped at the southwestern edge.



#### **Building Characteristics:**

- Property Age: Constructed in 1977 – 41 years old.
- Elevator: No
- Heat Source: Electric
- Includes: Heat, hot and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$0; over \$200,000 in funding for solar panels.
- EOD: January 1<sup>st</sup>, 2024

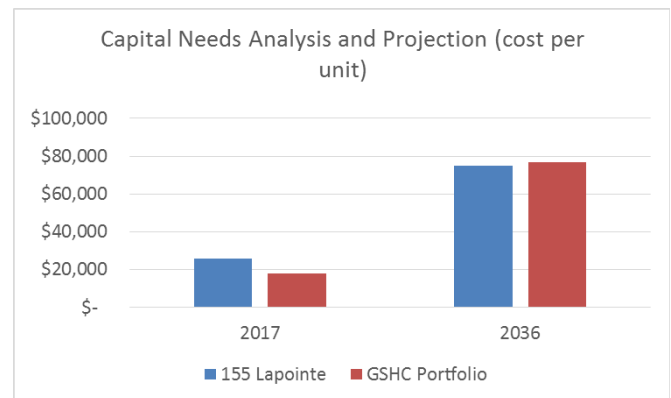
**Operating Costs:** The operating costs for 155 Lapointe are \$98,117, of which approximately \$77,000 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of \$2,852, which is significantly less than the average low-rise apartments and also slightly below the GSHC average for all units in the portfolio. Some key findings are as follows:

- Utility costs are below the average low-rise apartment due to much lower gas (electric heating) and water costs.
- The turnover rate in 2017 was 15%, which is lower than all low-rise apartments (23%) and all units in the portfolio (21%). The project therefore experiences low move-out costs relative to other assets in the GSHC portfolio, which is due to the low turnover and smaller unit size (one-bedroom suites).
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis than the other low-rise apartments in the GSHC portfolio, however they are more expensive than the scattered units and high-rise apartments.
- Operating costs decreased by about \$5,900 between 2017 and 2018.

2017 Operating Cost Summary Table - 155 Lapointe						
Item	155 Lapointe		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	27		294		1,848	
Total Utilities	\$40,505	\$1,500	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$2,487	\$92	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$7,311	\$25	\$156,896	\$85
Water	\$7,735	\$286	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$30,283	\$1,122	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	15%		23%		21%	
Move Out Costs	\$2,050	\$76	\$66,842	\$227	\$488,447	\$264
Maintenance	\$34,400	\$1,274	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$46	\$2	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$77,001</b>	<b>\$2,852</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$2,686	\$99	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$1,179	\$44	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$15,922	\$590	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$1,329	\$49	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$21,116</b>	<b>\$782</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$98,117</b>	<b>\$3,634</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of almost \$700,000, representing \$26,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to over \$2.0 million or \$75,000 per unit (portfolio average is \$77,000 per unit). The majority of the current capital need is for site works, rather than building repairs. The data indicates that the asset currently requires a greater capital investment on a per unit basis than the GSHC portfolio on average. However, capital needs for 155 Lapointe will increase modestly to 2036, at which point it will be below the GSHC average.



**Overall Utilization of the Site:** The subject site is underutilized due to the large surface parking lot and undeveloped lands. It is possible to intensify the property with new development, if built-form impacts on the neighbouring low-density residential homes can be mitigated.

**Wait List Data:** The apartment building has consistently had over 100 households on the wait list since 2011. While this is shorter than the apartments offering one-bedroom suites closer to the City (average of over 300 households), this is still strong demand that must be met outside of the former City of Sudbury.

**Locational Attributes:** The property is located in the outlying community of Hanmer/Valley East. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City), it is an attractive community that existing residents and other potential tenants would find appealing. It is also important for the GSHC to offer a diversified product across the service area.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise apartments averaged around \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$675,000 if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, 155 Lapointe experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study, albeit the wait list is more modest than other one-bedroom apartment buildings closer to the former City. This results in a high number of households on the wait list and low unit turnover/vacancy loss. The property is also relatively inexpensive to operate. While the current capital need is higher than the average across the GSHC portfolio, forecasted capital investments are projected to be more modest. The asset currently is a useful component of the GSHC portfolio and will continue to be for the foreseeable future. Given the underdeveloped nature of the site and strong demand for one-bedroom units at this location, it could be possible to add another building to the site, however it may be more practical to invest in a more central location.



## 27 Hanna (Low Rise Apartment)



**Project Description:** 27 Hanna is a two-storey walk-up apartment that contains 20 one-bedroom suites. The building is designated for “adults” by the GSHC given the smaller unit sizes. It is located in the Capreol community approximately 30 km north of the City (approximately 1 hour by transit). Other than this asset, there is a non-profit social housing building to the south. The property is irregularly shaped and includes two surface parking lots. It is adjacent low-density residential homes and a City-owned property.



#### **Building Characteristics:**

- Property Age: Constructed in 1974 – 44 years old.
- Elevator: No
- Heat Source: Electric
- Includes: Heat, hot and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$0; over \$250,000 in funding for solar panels.
- EOD: January 1<sup>st</sup>, 2022

**Operating Costs:** The operating costs for 27 Hanna are \$83,426, of which approximately \$68,000 are directly attributable to the project.

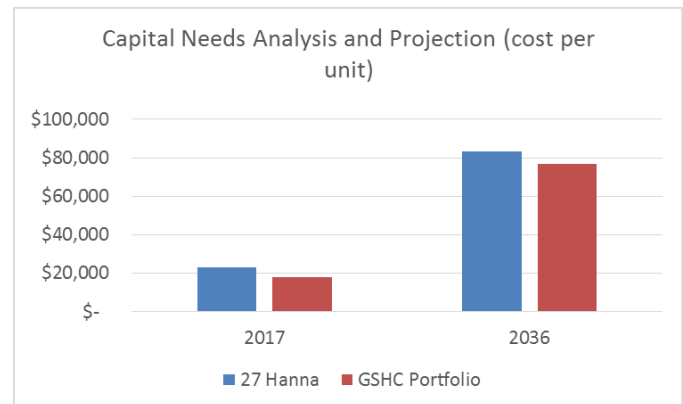
Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,391, which is slightly below the average low-rise apartment but more expensive than the GSHC average for all units in the portfolio. Some key findings are as follows:

- Utility costs are below the average low-rise apartment due to much lower gas (electric heating) costs. Relative to other one-bedroom low-rise apartment buildings, the project experience higher water and gas costs.
- The turnover rate in 2017 was 30%, which is higher than all low-rise apartments (23%) and all units in the portfolio (21%). However, the project still experiences low move-out costs relative to other assets in the GSHC portfolio, which is likely due to the smaller unit size (one-bedroom suites).
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The higher turnover rate will result in a higher vacancy loss.
- Maintenance costs are similar to the other low-rise apartments in the GSHC portfolio, however they are more expensive than the scattered units and high-rise apartments.
- Operating costs decreased by about \$8,500 between 2017 and 2018.



2017 Operating Cost Summary Table - 27 Hanna						
Item	27 Hanna		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	20		294		1,848	
Total Utilities	\$36,338	\$1,817	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$3,852	\$193	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$1,539	\$77	\$7,311	\$25	\$156,896	\$85
Water	\$8,513	\$426	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$22,434	\$1,122	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	30%		23%		21%	
Move Out Costs	\$2,783	\$139	\$66,842	\$227	\$488,447	\$264
Maintenance	\$26,856	\$1,343	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$1,493	\$75	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$351	\$18	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$67,821</b>	<b>\$3,391</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$1,989	\$99	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$873	\$44	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$11,794	\$590	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$985	\$49	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$15,641</b>	<b>\$782</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$83,462</b>	<b>\$4,173</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of almost \$500,000, representing \$23,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to almost \$1.7 million or \$83,000 per unit (portfolio average is \$77,000 per unit). The majority of the current capital need is for site works, rather than building repairs. The data indicates that the asset currently requires a greater capital investment on a per unit basis than the GSHC portfolio on average, which will also be the case by 2036.



**Overall Utilization of the Site:** The subject site is well utilized from a coverage perspective given the awkward site shape and adjacent uses. The scale of building could potentially be increased, subject to built-form impacts.

**Wait List Data:** The apartment building has consistently had over 50 households on the wait list since 2011. While this is shorter than the apartments offering one-bedroom suites closer to the City (average of over 300 households), this is still moderate demand that must be met outside of the former City of Sudbury.

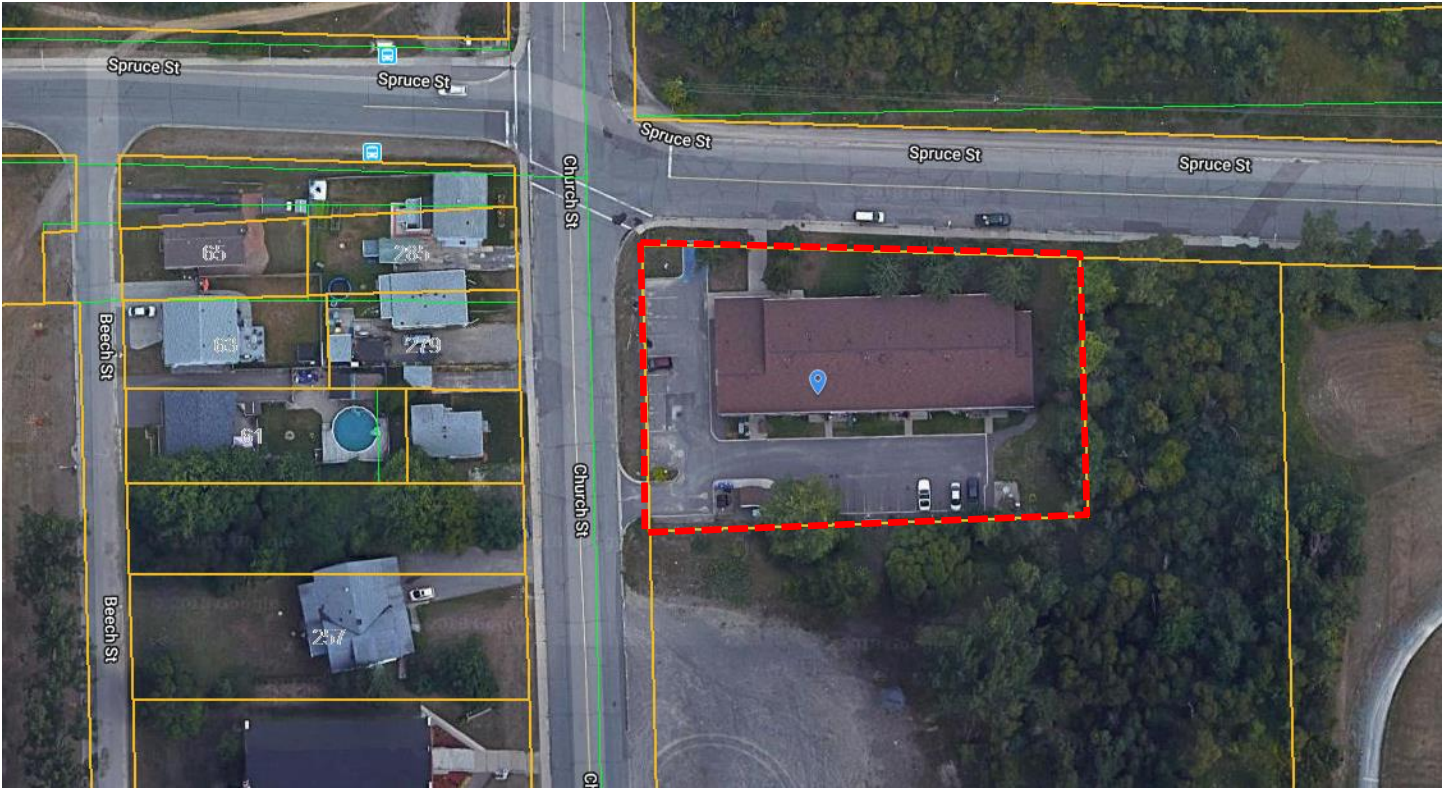
**Locational Attributes:** The property is located in the outlying community of Capreol. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City) it is an attractive community. It is also important for the GSHC to offer a diversified product across the service area.

**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise apartments averaged around \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of

approximately \$540,000 if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

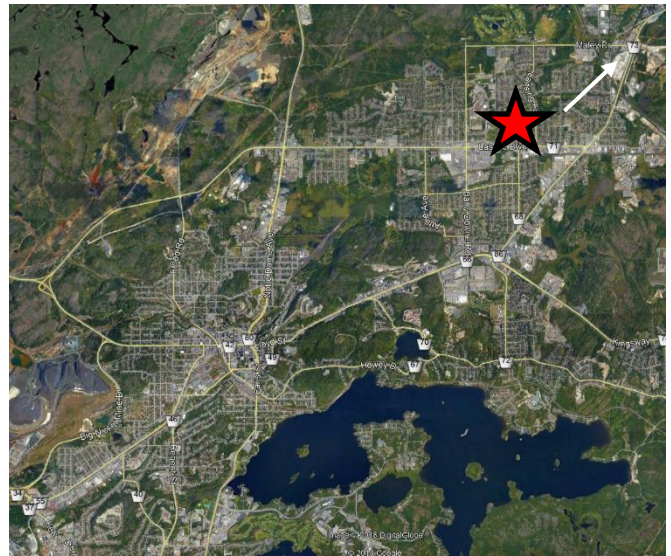
**Key Findings:** Overall, 27 Hanna experiences moderate levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study, albeit the wait list is more modest than other one-bedroom apartment buildings closer to the former City. This results in a high number of households on the wait list, however it is noted that unit turnover is high relative to other assets. The property is also relatively expensive to operate and requires more significant current and future capital repairs than other assets in the portfolio. However, the asset appears to meet demand for RGI one-bedroom units in Capreol. Despite the high operating/capital costs, the asset currently is a useful component of the GSHC portfolio and will continue to be for the foreseeable future.

### 35 Spruce (Low Rise Apartment)





**Project Description:** 35 Spruce Street is a two-storey walk-up apartment that contains 24 one-bedroom suites. The building is designated for “adults” by the GSHC given the small unit sizes. It is located in the Garson community, there is a non-GSHC social housing building as well as scattered GSHC units in the area. The property contains a surface parking lot and is adjacent a large undeveloped/forested municipal property. It has two frontages on major streets and is nearby an elementary school and low-density homes across the street.



#### **Building Characteristics:**

- Property Age: Constructed in 1974 – 44 years old.
- Elevator: No
- Heat Source: Electric
- Includes: Heat, hot and cold water, hydro, fridge and stove, cooking power, common laundry facilities.
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2024

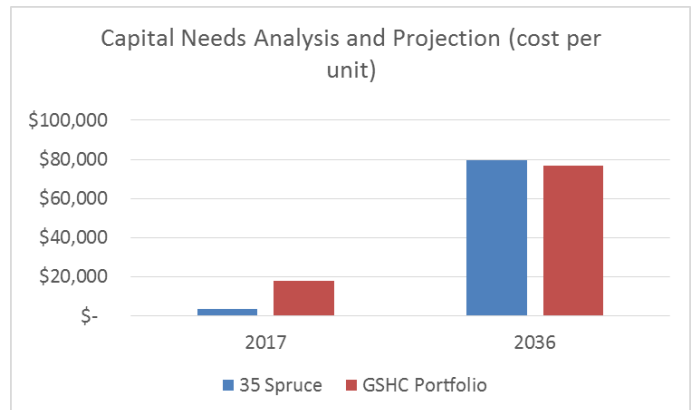
**Operating Costs:** The operating costs for 35 Spruce are \$94,083, of which approximately \$75,500 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,174, which is significantly less than the average low-rise apartments but slightly above the GSHC average for all units in the portfolio. Some key findings are as follows:

- Despite having low gas and water costs, electricity costs are very high (electric heating) relative to other assets in the portfolio. This results in higher utility costs than other low-rise apartments on average.
- The turnover rate in 2017 was only 4%, which is much lower than all low-rise apartments (23%) and all units in the portfolio (21%). The project therefore experiences low move-out costs relative to other assets in the GSHC portfolio, which is due to the low turnover and smaller unit size (one-bedroom suites).
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. The lower turnover rate will result in a lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis than the other low-rise apartments in the GSHC portfolio, however they are more expensive than the scattered units and high-rise apartments.
- Operating costs decreased by about \$170 between 2017 and 2018.

2017 Operating Cost Summary Table - 35 Spruce						
Item	35 Spruce		Low-Rise Apartment		Entire Portfolio	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
Specific Costs Known for Each Building						
Total Units	24		294		1,848	
Total Utilities	\$51,703	\$2,154	\$560,564	\$1,907	\$3,448,130	\$1,866
Gas	\$2,235	\$93	\$126,127	\$429	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$7,311	\$25	\$156,896	\$85
Water	\$7,352	\$306	\$130,161	\$443	\$1,019,750	\$552
Electricity	\$42,117	\$1,755	\$296,965	\$1,010	\$973,989	\$527
Turnover Rate	4%		23%		21%	
Move Out Costs	\$966	\$40	\$66,842	\$227	\$488,447	\$264
Maintenance	\$22,793	\$950	\$402,663	\$1,370	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$2,497	\$8	\$2,497	\$1
Overhead (Phone/Internet)	\$68	\$3	\$2,057	\$7	\$14,441	\$8
<b>Sub-total</b>	<b>\$75,530</b>	<b>\$3,147</b>	<b>\$1,034,623</b>	<b>\$3,519</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms						
Property Insurance	\$2,387	\$99	\$33,166	\$113	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$1,048	\$44	\$14,554	\$50	\$105,642	\$57
Field Staff Salary and Benefits	\$14,153	\$590	\$196,626	\$669	\$1,427,263	\$772
General Maintenance	\$966	\$40	\$16,415	\$56	\$119,155	\$64
<b>Sub-total</b>	<b>\$18,554</b>	<b>\$773</b>	<b>\$260,760</b>	<b>\$887</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$94,083</b>	<b>\$3,920</b>	<b>\$1,295,383</b>	<b>\$4,406</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** This apartment building currently has an unfunded capital need of only \$90,000, representing \$3,800 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to over \$1.9 million or \$79,500 per unit (portfolio average is \$77,000 per unit). As per Asset Planner, there are steady repairs necessary between 2018 and 2036. The data indicates that the asset is currently in very good shape and requires very modest capital repairs. However, capital requirements will increase to 2036, at which point 35 Spruce will require slightly higher capital investment (on a per unit basis) than the GSHC average.



**Overall Utilization of the Site:** The subject site is well utilized, but could be intensified if redevelopment was considered. It could also be possible to expand the current building if the parking area could be lost.

**Wait List Data:** The apartment building has consistently had over 70 households on the wait list since 2011 and currently has almost 100 households waiting. While this is shorter than the apartments offering one-bedroom suites closer to the City (average of over 300 households), this is still strong demand that must be met outside of the former City of Sudbury.

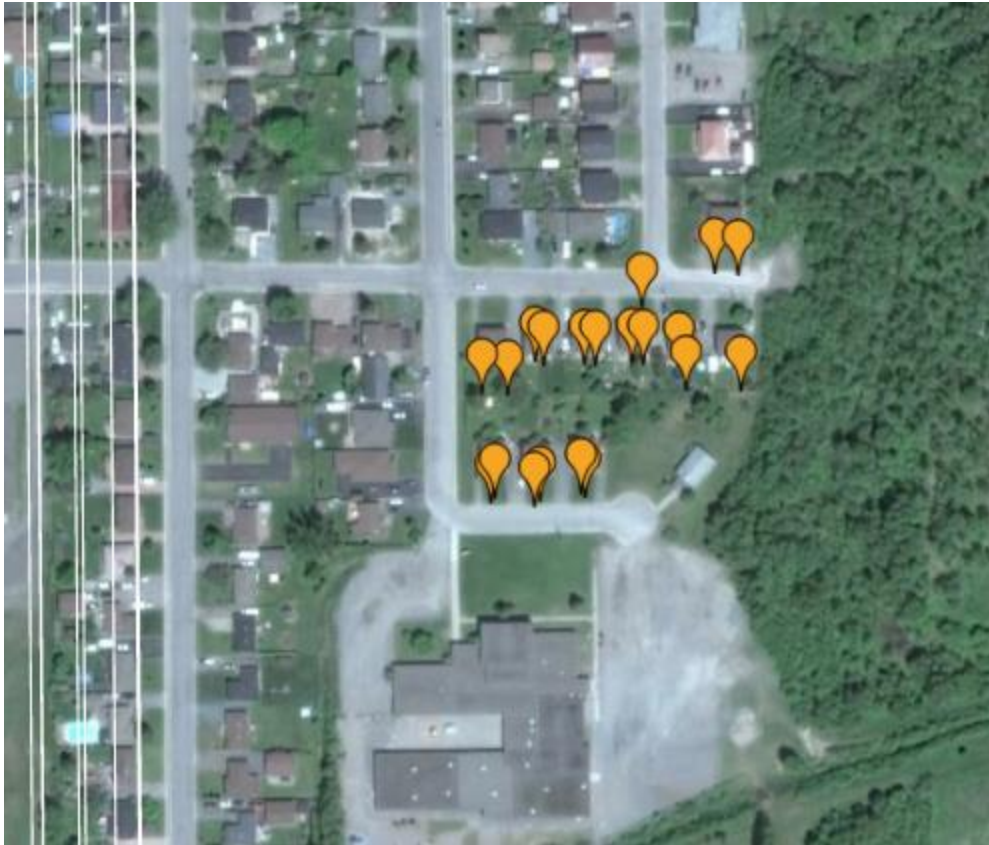
**Locational Attributes:** The property is located in the outlying community of Garson. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City) it is an attractive community. It is also important for the GSHC to offer a diversified product across the service area.



**Appraised Value:** There has not been an appraisal for this asset yet. Appraisals completed for other low-rise apartments averaged around \$25,000 per one-bedroom unit (appraisal undertaken in 2009). This would represent a total sale value of approximately \$600,000 if the entire property was sold and no adjustment is made for the old appraisal values. Ultimate pricing will be dependent on an updated appraisal analysis, achievable rental rates and capital needs.

**Key Findings:** Overall, 35 Spruce experiences high levels of demand due to the one-bedroom suites, which are most in need as per the findings of the supply and demand background study, albeit the wait list is more modest than other one-bedroom apartment buildings closer to the former City. This results in a high number of households on the wait list and low unit turnover/vacancy loss. The property is also relatively inexpensive to operate and currently requires little capital investment (although this will increase looking forward). The asset currently is a useful component of the GSHC portfolio and will continue to be for the foreseeable future.

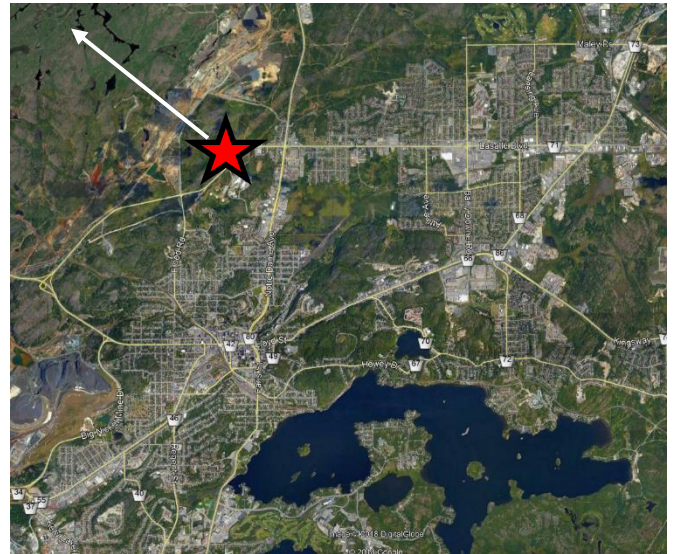
## Charlotte/Gaudette – Chelmsford Scattered Units



**Project Description:** The GSHC has 20 semi-detached homes on Charlotte and Gaudette Streets in Chelmsford, an outlying community approximately 20 km northwest of downtown Sudbury. These homes consist of 4 two-bedroom, 10 three-bedroom, and 6 four-bedroom units. The homes are concentrated together just north of the Chelmsford Public School. It appears that each building is on its own lot, and therefore the two semi-detached units (single building) share a lot.

#### Building Characteristics:

- Property Age: Constructed in 1970 – 48 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Heat, hot and cold water, laundry tubs
- SHRRP Investment: \$366,613
- EOD: January 1<sup>st</sup>, 2018



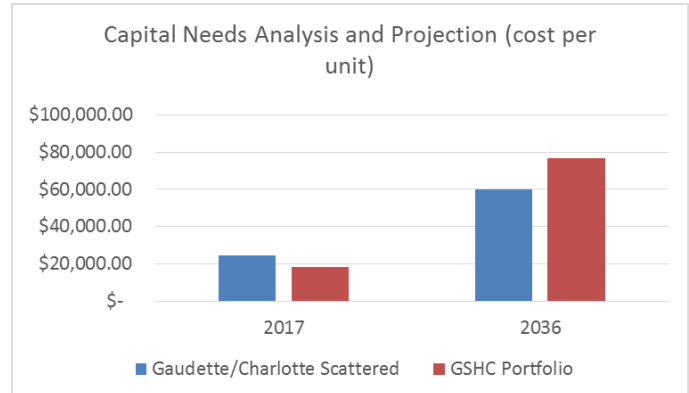
**Operating Costs:** The operating costs for these scattered units are \$97,599, of which approximately \$72,500 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,629, which is similar to the average scattered unit across the GSHC portfolio but higher than the average of all units across the GSHC portfolio (see operating cost summary Table). Some key findings are as follows:

- While utility costs are similar to most scattered units in the portfolio, they are well above the average utility cost across the entire GSHC portfolio. Of note, the average high-rise apartment requires only \$1,400 per unit for utilities relative to \$2,500 for these scattered units. It is noted that these scattered units have lower utility costs than the average scattered unit across the portfolio, which is likely due to the smaller unit/household sizes here (some two-bedrooms, semi-detached).
- The turnover rate was high at these scattered units, with 40% of all units turning over in 2017 (compared to only 20% and 21% for all scattered units and all units in the portfolio respectively). The project therefore experiences significantly higher move-out costs, averaging \$600 per unit on average (compared to \$250 on average across the portfolio). Move-out costs will generally be higher on a per unit basis for scattered units as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Higher turnover rates will result in higher vacancy loss, which will negatively impact revenues in addition to the higher costs noted here.
- Maintenance costs are less expensive on a per unit basis for these scattered units. Generally, maintenance costs are lower for scattered units and higher for apartments across the GSHC portfolio.

2017 Operating Cost Summary Table - Charlotte/Gaudette Scattered						
	Charlotte/Gaudette		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	20		241		1,848	
Total Utilities	\$50,728	\$2,536	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$26,332	\$1,317	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$4,941	\$247	\$47,682	\$198	\$156,896	\$85
Water	\$19,101	\$955	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$355	\$18	\$48,017	\$199	\$973,989	\$527
Turnover Rate	40%		20%		21%	
Move Out Costs	\$12,679	\$634	\$74,180	\$308	\$488,447	\$264
Maintenance	\$9,166	\$458	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$72,573</b>	<b>\$3,629</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$3,183	\$159	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$1,397	\$70	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$18,871	\$944	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$1,575	\$79	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$25,026</b>	<b>\$1,251</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$97,599</b>	<b>\$4,880</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The scattered units currently have an unfunded capital need of just under \$500,000, representing \$25,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$1.2 million or \$60,000 per unit (portfolio average is \$77,000 per unit). This data indicates that while the current buildings require a greater capital investment (on a per unit basis) than the average for the GSHC portfolio, capital needs will accumulate more modestly to 2036.



**Overall Utilization of the Site:** The semi-detached homes form a consolidated development block that could be redeveloped. Currently, this is a low-density project.

**Wait List Data:** Wait list data is unavailable for this project. However, the other GSHC scattered units in the area have consistently low wait lists (typically under 10 households waiting).

**Locational Attributes:** The property is located in the outlying community of Chelmsford. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City) it is an attractive community. It is also important for the GSHC to offer a diversified product across the service area.

**Appraised Value:** The four-bedroom homes have been appraised at \$137,500 in 2017. This would result in a sale value of around \$2.75 million if no adjustment is made for the three and two bedroom semi-detached homes.

**Key Findings:** Overall, these scattered homes are expensive to operate, experience low levels of demand, high unit turnover, and have higher current capital needs than other assets in the portfolio. Semi and single detached homes will be

the most marketable units if disposal was considered and the capital generated could be used for revitalization efforts elsewhere. In addition to the sale values, approximately \$1.2 million in capital cost avoidance would be achieved if the assets were sold. While the site could also be redeveloped, it is likely more strategic to save limited resources for a more centrally located development opportunity.



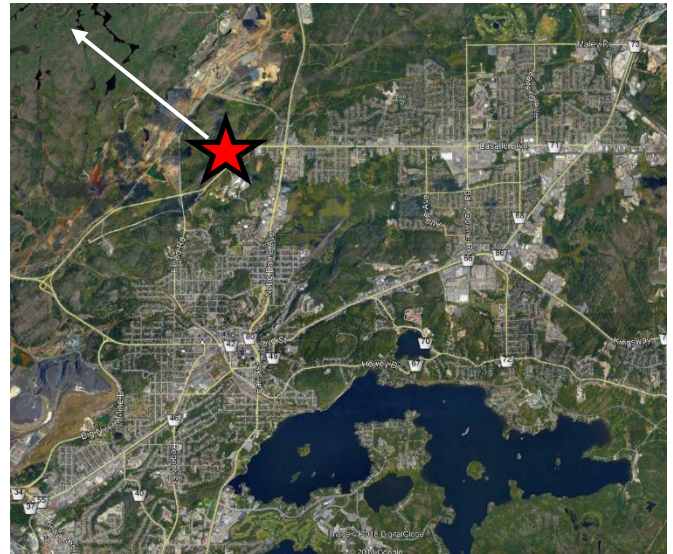
## Charrette – Chelmsford Scattered Units



**Project Description:** The GSHC has 8 semi-detached homes on Charette Street in Chelmsford, an outlying community approximately 20 km northwest of downtown Sudbury. These homes are all three-bedrooms in size. The homes are concentrated together at the southern end of Chelmsford and are adjacent other low-density homes and a commercial area. It appears that these homes would need to be severed into separate lots if they were sold.

#### Building Characteristics:

- Property Age: Constructed in 1966 – 52 years old.
- Elevator: No
- Heat Source: Natural Gas
- Includes: Heat, hot and cold water, laundry tubs
- SHRRP Investment: \$125,645
- EOD: January 1<sup>st</sup>, 2014



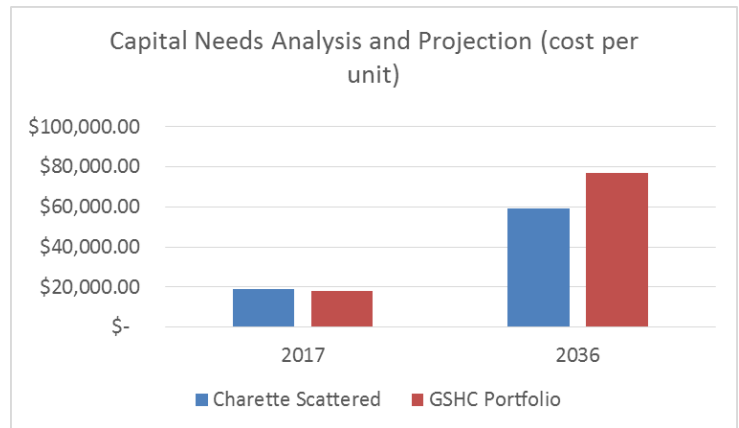
**Operating Costs:** The operating costs for these scattered units are \$34,802, of which approximately \$25,000 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,121, which is lower than the average scattered unit across the GSHC portfolio but higher than the average of all units across the GSHC portfolio (see operating cost summary Table). Some key findings are as follows:

- Utility costs are lower than the average scattered unit in the portfolio, which is primarily due to much lower electricity costs. However, they are much more expensive than the typical unit across the portfolio, with the average high-rise apartment requiring only \$1,400 per unit for utilities relative to \$2,600 for these scattered units.
- The turnover rate was low at these scattered units, with 13% of all units turning over in 2017 (compared to only 20% and 21% for all scattered units and all units in the portfolio respectively). The project therefore experiences much lower move-out costs, averaging \$175 per unit on average (compared to \$250 on average across the portfolio). Move-out costs will generally be higher on a per unit basis for scattered units as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Lower turnover rates will result in lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis for these scattered units. Generally, maintenance costs are lower for scattered units and higher for apartments across the GSHC portfolio.

2017 Operating Cost Summary Table - Charette Scattered						
	Charette		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	8		241		1,848	
Total Utilities	\$20,778	\$2,597	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$10,688	\$1,336	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$1,915	\$239	\$47,682	\$198	\$156,896	\$85
Water	\$8,074	\$1,009	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$101	\$13	\$48,017	\$199	\$973,989	\$527
Turnover Rate	13%		20%		21%	
Move Out Costs	\$1,404	\$176	\$74,180	\$308	\$488,447	\$264
Maintenance	\$2,788	\$349	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$24,970</b>	<b>\$3,121</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$1,250	\$156	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$549	\$69	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$7,413	\$927	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$619	\$77	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$9,832</b>	<b>\$1,229</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$34,802</b>	<b>\$4,350</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The scattered units currently have an unfunded capital need of just over \$150,000, representing \$19,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$472,500 or \$60,000 per unit (portfolio average is \$77,000 per unit). This data indicates that while the current buildings require a similar capital investment (on a per unit basis) than the average for the GSHC portfolio, capital needs will accumulate more modestly to 2036.



**Overall Utilization of the Site:** The semi-detached homes form a consolidated development block that could be redeveloped. Currently, they are a low-density project.

**Wait List Data:** The wait list for these units have been consistently under 10 households since 2011. Currently there are 4 households waiting.

**Locational Attributes:** The property is located in the outlying community of Chelmsford. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City) it is an attractive community. It is also important for the GSHC to offer a diversified product across the service area.

**Appraised Value:** While an appraisal for these units have not yet been completed, an appraisal for the 4-bedroom Gaudette scattered units was undertaken in 2017. This appraisal estimates a sale value of \$137,500 for a four-bedroom semi-detached home. If this benchmark is used, a total sale value of approximately \$1.1 million could be achieved if all units were sold and no adjustment is made for the fact that these are older (albeit similar capital needs) and only three-bedrooms.

**Key Findings:** Overall, these scattered homes are expensive to operate and experience low levels of demand and require similar capital needs as other higher demand projects in the portfolio. Semi and single detached homes will be the most marketable units if disposal was considered and the capital generated could be used for revitalization efforts elsewhere. In addition to the sale values, approximately \$475,000 in capital cost avoidance would be achieved if the assets were sold.

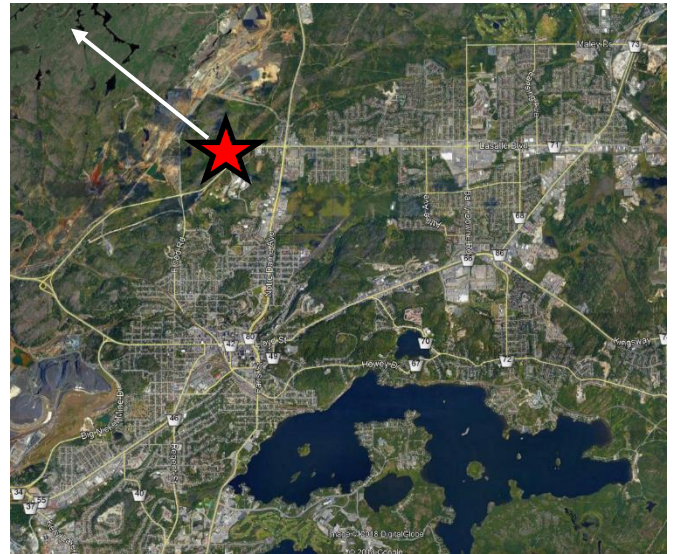


## St. Onge – Chelmsford Scattered Units





**Project Description:** The GSHC has 6 semi-detached homes on St. Onge Street in Chelmsford, an outlying community approximately 20 km northwest of downtown Sudbury. These homes are all three-bedroom in size. The homes are concentrated together at the eastern end of Chelmsford and are adjacent other low-density homes. It appears that these homes would need to be severed into separate lots if they were sold.



#### **Building Characteristics:**

- Property Age: Constructed in 1978 – 40 years old.
- Elevator: No
- Heat Source: Electric
- Includes: Heat, hot and cold water, hydro, cooking power
- SHRRP Investment: \$37,984
- EOD: January 1<sup>st</sup>, 2026

**Operating Costs:** The operating costs for these scattered units are \$38,419, of which approximately \$31,000 are directly attributable to the project.

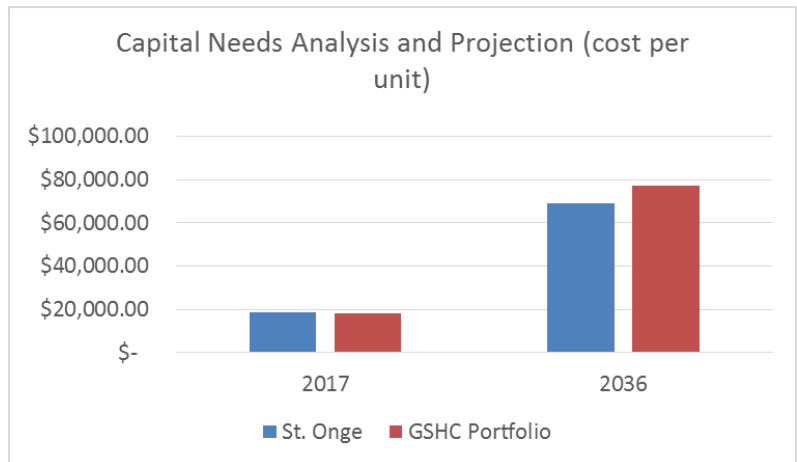
Of the costs directly attributable to the project, each of these units produce an operating cost of \$5,174, which is significantly higher than both the average scattered home as well as the average unit across the GSHC portfolio.

Some key findings are as follows:

- The utility costs at this project are more than double the average experienced at other projects across the GSHC portfolio on average. This is due to the very large electricity costs, which are a result of the electric heating. Of note, the average high-rise apartment requires only \$1,400 per unit for utilities relative to \$4,400 for these scattered units.
- The turnover rate was low at these scattered units, with under 17% of all units turning over in 2017 (compared to 20% and 21% for all scattered units and all units in the portfolio respectively). The project therefore experiences modest move-out costs, averaging \$325 per unit on average (compared to \$250 on average across the portfolio). Move-out costs will generally be higher on a per unit basis for scattered units as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Lower turnover rates will result in lower vacancy loss.
- Maintenance costs are less expensive on a per unit basis for these scattered units. Generally, maintenance costs are lower for scattered units and higher for apartments across the GSHC portfolio.

2017 Operating Cost Summary Table - St. Onge Scattered						
	St. Onge		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	6		241		1,848	
Total Utilities	\$26,569	\$4,428	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$0	\$0	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$0	\$0	\$47,682	\$198	\$156,896	\$85
Water	\$5,545	\$924	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$21,024	\$3,504	\$48,017	\$199	\$973,989	\$527
Turnover Rate	17%		20%		21%	
Move Out Costs	\$1,948	\$325	\$74,180	\$308	\$488,447	\$264
Maintenance	\$2,529	\$422	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$31,046</b>	<b>\$5,174</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$938	\$156	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$412	\$69	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$5,560	\$927	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$464	\$77	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$7,374</b>	<b>\$1,229</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$38,419</b>	<b>\$6,403</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The scattered units currently have an unfunded capital need of just over \$113,000, representing \$19,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$412,500 or \$69,000 per unit (portfolio average is \$77,000 per unit). This data indicates that while the current buildings require a similar capital investment (on a per unit basis) than the average for the GSHC portfolio, capital needs will accumulate more modestly to 2036.



**Overall Utilization of the Site:** The semi-detached homes could not likely be redeveloped with higher intensity of uses.

**Wait List Data:** The wait list for these units have been consistently under 10 households since 2011. Currently there are 4 households waiting.

**Locational Attributes:** The property is located in the outlying community of Chelmsford. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City) it is an attractive community.

**Appraised Value:** While an appraisal for these units have not yet been completed, an appraisal for the 4-bedroom Gaudette scattered units was undertaken in 2017. This appraisal estimates a sale value of \$137,500 for a four-bedroom semi-detached

home. If this benchmark is used, a total sale value of approximately \$825,000 could be achieved if all units were sold and no adjustment is made for the fact that these are older (albeit similar capital needs) and only three-bedrooms.

**Key Findings:** Overall, these scattered homes are expensive to operate and experience low levels of demand and require similar capital needs as other higher demand projects in the portfolio. Semi and single detached homes will be the most marketable units if disposal was considered and the capital generated could be used for revitalization efforts elsewhere. In addition to the sale values, approximately \$400,000 in capital cost avoidance would be achieved if the assets were sold.

## Garson Scattered Units

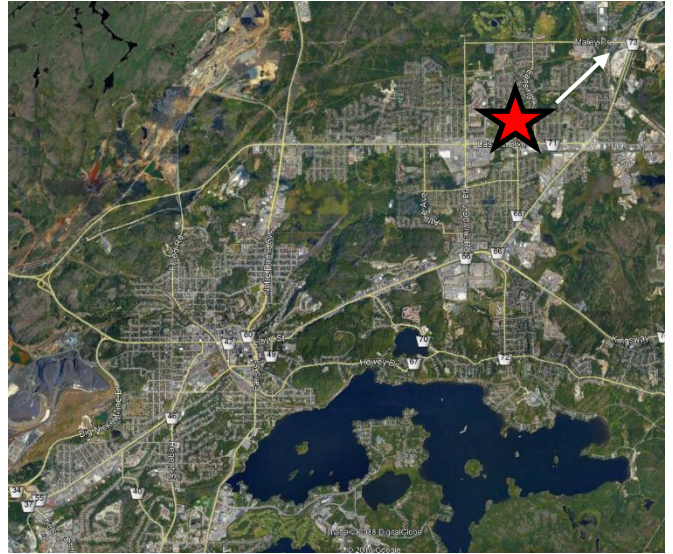




**Project Description:** The GSHC has 9 scattered units in Garson consisting of six three-bedroom homes and 3 four-bedroom homes. 6 of the homes are semi-detached (on O’Neil) and three are detached. The homes are scattered within a low-density neighbourhood.

**Building Characteristics:**

- Property Age: Constructed between 1974 and 1968
- Elevator: No
- Heat Source: Natural Gas
- SHRRP Investment: \$56,976
- EOD: January 1<sup>st</sup>, 2016 (O’Neil) and January 1<sup>st</sup>, 2022 (Catherine/Maplewood)



**Operating Costs:** The operating costs for these scattered units are \$47,109, of which approximately \$35,000 are directly attributable to the project.

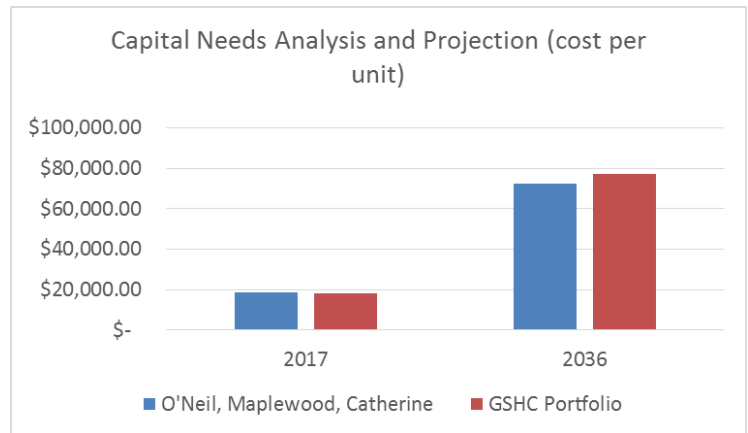
Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,931, which is higher than both the average scattered home as well as the average unit across the GSHC portfolio. Some key findings are as follows:

- The utility costs at this project are very high relative to the average unit in the GSHC portfolio. Gas, water, and electricity costs are higher than the portfolio average. Of note, the average high-rise apartment requires only \$1,400 per unit for utilities relative to \$3,000 for these scattered units.
- The turnover rate was low at these scattered units, with 0 turnovers in 2017 (compared to 20% and 21% for all scattered units and all units in the portfolio respectively). The project therefore experienced no move-out costs (compared to \$250 on average across the portfolio). Move-out costs will generally be higher on a per unit basis for scattered units as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Lower turnover rates will result in lower vacancy loss.



2017 Operating Cost Summary Table - Maplewood/Catherine and O'Neil Scattered						
	Maplewood/Catherine		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	9		241		1,848	
Total Utilities	\$27,224	\$3,025	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$9,164	\$1,018	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$1,725	\$192	\$47,682	\$198	\$156,896	\$85
Water	\$8,849	\$983	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$7,486	\$832	\$48,017	\$199	\$973,989	\$527
Turnover Rate	0%		20%		21%	
Move Out Costs	\$0	\$0	\$74,180	\$308	\$488,447	\$264
Maintenance	\$8,154	\$906	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$35,378</b>	<b>\$3,931</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$1,492	\$166	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$655	\$73	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$8,846	\$983	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$738	\$82	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$11,731</b>	<b>\$1,303</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$47,109</b>	<b>\$5,234</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The scattered units currently have an unfunded capital need of \$168,000, representing \$19,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$652,500 or \$72,000 per unit (portfolio average is \$77,000 per unit). This data indicates that while the current buildings require a similar capital investment (on a per unit basis) than the average for the GSHC portfolio, capital needs will accumulate more modestly to 2036.



**Overall Utilization of the Site:** The scattered homes could not likely be redeveloped with a higher intensity of uses.

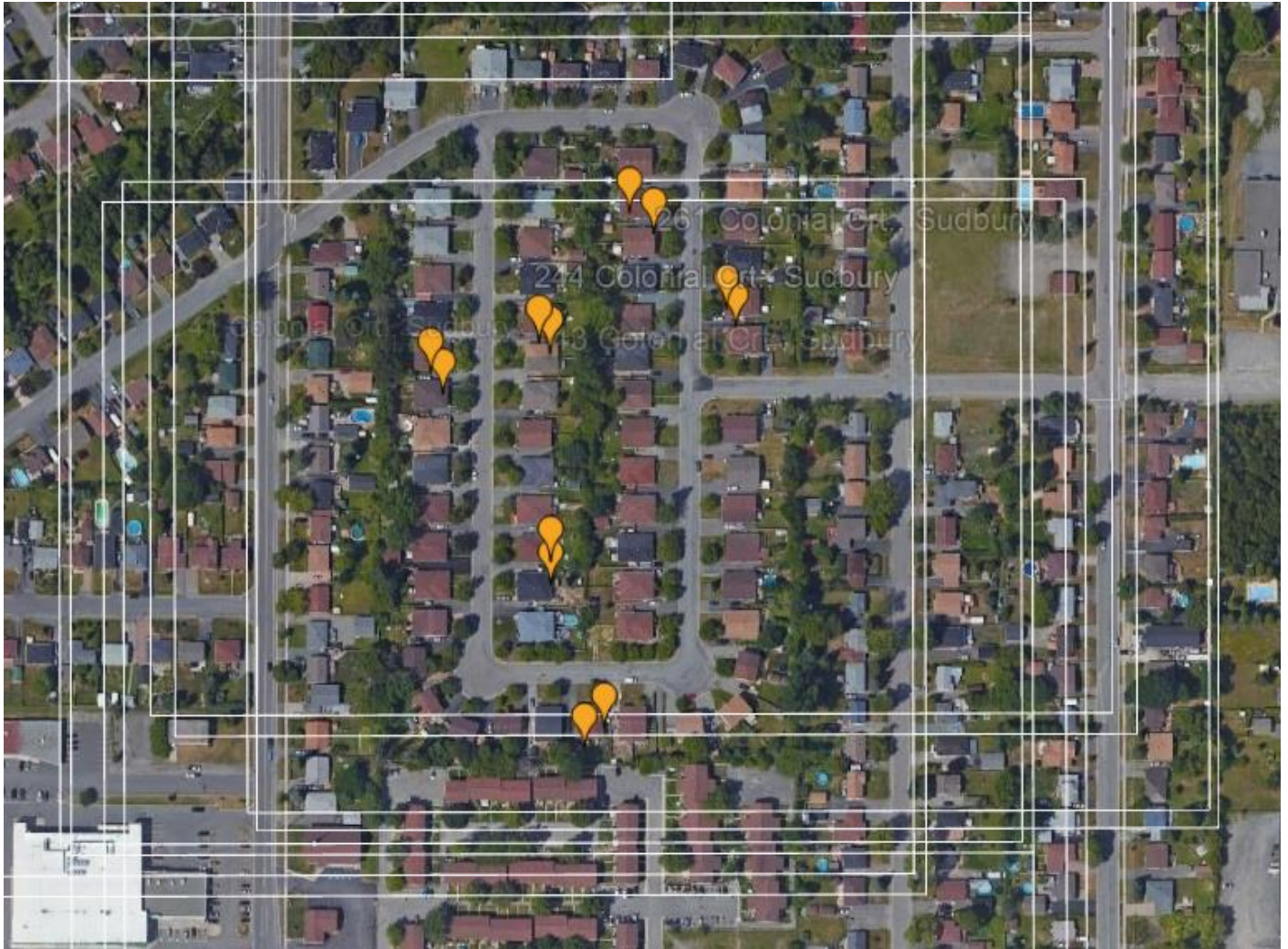
**Wait List Data:** The wait list for these units have been around 10 households on average since 2011. These homes appear to be more popular than the scattered units in Chelmsford, with a slightly larger wait list and very low unit turnover.

**Locational Attributes:** The property is located in the outlying community of Garson. While this property contains possible challenges for low-income households (accessibility, transit, distance from the former City) it is an attractive community. It is also important for the GSHC to offer a diversified product across the service area.

**Appraised Value:** While an appraisal for these units have not yet been completed, an appraisal for the 4-bedroom Gaudette scattered units was undertaken in 2017. This appraisal estimates a sale value of \$137,500 for a four-bedroom semi-detached home. If this benchmark is used, a total sale value of approximately \$1.2 million could be achieved if all units were sold and no adjustment is made for the three-bedroom suites and detached homes.

**Key Findings:** Overall, these scattered homes are expensive to operate and require similar capital needs as other higher demand projects in the portfolio. While the wait list is relatively small, the units do appear to be popular with residents given the very low turnover rate. Semi and single detached homes will be the most marketable units if disposal was considered and the capital generated could be used for revitalization efforts elsewhere. In addition to the sale values, approximately \$650,000 in capital cost avoidance would be achieved if the assets were sold.

## Colonial Court – New Sudbury Scattered Units





**Project Description:** The GSHC has 12 scattered units on Colonial Court in New Sudbury. The semi-detached bungalows consist of 10 three-bedroom and 2 four-bedroom units. The homes are integrated within an established low-density residential context and in close proximity to the New Sudbury Centre, Cambrian College, and LaSalle Boulevard commercial corridor.



#### **Building Characteristics:**

- Property Age: Constructed in 1977 – 41 years old
- Elevator: No
- Heat Source: Natural Gas/Electric
- SHRRP Investment: \$17,987
- EOD: January 1<sup>st</sup>, 2024

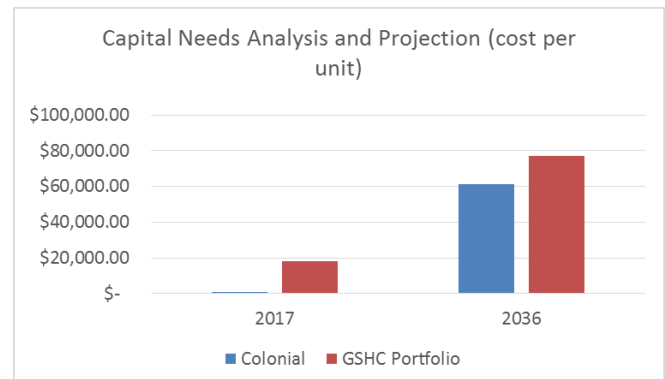
**Operating Costs:** The operating costs for these scattered units are \$57,470, of which approximately \$42,000 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of \$3,500, which is below the average scattered unit in the GSHC portfolio, but is much higher than the average unit across the entire portfolio. Some key findings are as follows:

- The utility costs at this project are very high relative to the average unit in the GSHC portfolio. This is primarily due to the very high gas, water, and electricity costs. Of note, the average high-rise apartment requires only \$1,400 per unit for utilities relative to \$3,000 for these scattered units.
- The turnover rate was low at these scattered units (8%) in 2017 (compared to 20% and 21% for all scattered units and all units in the portfolio respectively). The project therefore experienced low move-out costs. Move-out costs will generally be higher on a per unit basis for scattered units as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Lower turnover rates will result in lower vacancy loss.
- Maintenance costs at these units was also very low relative to other scattered units and the portfolio average.

2017 Operating Cost Summary Table - Colonial Court Scattered						
	Colonial Court		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	12		241		1,848	
Total Utilities	\$37,523	\$3,127	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$14,274	\$1,190	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$1,828	\$152	\$47,682	\$198	\$156,896	\$85
Water	\$13,979	\$1,165	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$7,441	\$620	\$48,017	\$199	\$973,989	\$527
Turnover Rate	8%		20%		21%	
Move Out Costs	\$1,754	\$146	\$74,180	\$308	\$488,447	\$264
Maintenance	\$2,999	\$250	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$42,276</b>	<b>\$3,523</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$1,933	\$161	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$848	\$71	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$11,457	\$955	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$957	\$80	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$15,194</b>	<b>\$1,266</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$57,470</b>	<b>\$4,789</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The scattered units currently have an unfunded capital need of only \$12,000, representing under \$1,000 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$736,500 or \$61,000 per unit (portfolio average is \$77,000 per unit). This data indicates that the current buildings require a very small capital investment, however this will increase modestly to 2036.



**Overall Utilization of the Site:** The semi-detached homes could not likely be redeveloped with a higher intensity of uses.

**Wait List Data:** The wait list for these units have been high relative to other scattered units, typically ranging between 30 and 50 households in 2011. The lower turnover rate also supports the notion that these units are popular.

**Locational Attributes:** The property is located in the highly desirable New Sudbury neighbourhood and is nearby the New Sudbury commercial centre. This location boasts strong transit and connectivity to the rest of the City and is an overall attractive neighbourhood.

**Appraised Value:** While an appraisal for these units have not yet been completed, an appraisal for three and four bedroom detached homes in New Sudbury were about \$185,000 in 2017. This would result in an estimated sale value of \$2.2 million if all units were sold and no adjustment is made for the semi-detached homes.

**Key Findings:** Overall, these scattered homes are expensive to operate but appear to be popular amongst tenants given the high wait list and low turnover rate. However, they will require similar capital needs to other higher demand projects in the



portfolio by 2036. Semi and single detached homes will be the most marketable units if disposal was considered, especially the scattered homes in New Sudbury, and the capital generated could be used for other targeted revitalization efforts. In addition to the sale values, over \$700,000 in capital cost avoidance would be achieved if the assets were sold.

## Havenbrook/Springbrook – New Sudbury Scattered Units



**Project Description:** The GSHC has 12 scattered units on Havenbrook and Springbrook Drive in New Sudbury. The semi-detached bungalows are all three-bedrooms. The homes are integrated within an established low-density residential context and in close proximity to the New Sudbury Centre, Cambrian College, and LaSalle Boulevard commercial corridor.



#### **Building Characteristics:**

- Property Age: Constructed in 1978 – 40 years old
- Elevator: No
- Heat Source: Natural Gas
- SHRRP Investment: \$0
- EOD: January 1<sup>st</sup>, 2026

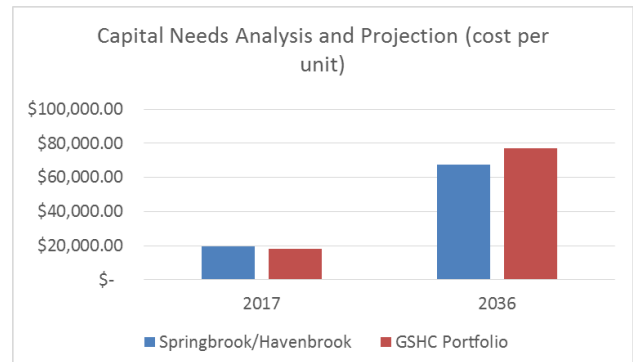
**Operating Costs:** The operating costs for these scattered units are \$62,300, of which approximately \$47,500 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of almost \$4,000, which is higher than the average scattered unit and also the average across the entire GSHC portfolio. The following are key findings:

- The utility costs at this project are very high relative to the average unit in the GSHC portfolio. This is primarily due to the very high gas and water costs. Of note, the average high-rise apartment requires only \$1,400 per unit for utilities relative to \$2,700 for these scattered units.
- The turnover rate was low at these scattered units (8%) in 2017 (compared to 20% and 21% for all scattered units and all units in the portfolio respectively). The project therefore experienced low move-out costs. Move-out costs will generally be higher on a per unit basis for scattered units as they are larger homes, which will require more work than smaller apartment units at move-out.
- Of note, move-out costs include cleaning, disposal, painting, and similar items. However, it does not include vacancy loss, which could not be calculated due to data limitations. Lower turnover rates will result in lower vacancy loss.
- Maintenance costs at these units was also very high relative to other scattered units and the portfolio average.

2017 Operating Cost Summary Table - Havenbrook/Springbrook Scattered						
	Havenbrook/Springbrook		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	12		241		1,848	
Total Utilities	\$32,643	\$2,720	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$16,798	\$1,400	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$1,878	\$157	\$47,682	\$198	\$156,896	\$85
Water	\$13,922	\$1,160	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$45	\$4	\$48,017	\$199	\$973,989	\$527
Turnover Rate	8%		20%		21%	
Move Out Costs	\$681	\$57	\$74,180	\$308	\$488,447	\$264
Maintenance	\$14,227	\$1,186	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$47,552</b>	<b>\$3,963</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$1,876	\$156	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$823	\$69	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$11,120	\$927	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$928	\$77	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$14,747</b>	<b>\$1,229</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$62,299</b>	<b>\$5,192</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The scattered units currently have an unfunded capital need of \$233,300, representing \$19,500 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$810,000 or \$67,500 per unit (portfolio average is \$77,000 per unit). This data indicates that while the current buildings require a similar capital investment (on a per unit basis) than the average for the GSHC portfolio, capital needs will accumulate more modestly to 2036.



**Overall Utilization of the Site:** The semi-detached homes could not likely be redeveloped with a higher intensity of uses.

**Wait List Data:** The wait list for these units have been shrinking in recent years, with between 20 and 40 households waiting between 2011 and 2014. Currently, there are only 14 households waiting.

**Locational Attributes:** The property is located in the highly desirable New Sudbury neighbourhood and is nearby the New Sudbury commercial centre. This location boasts strong transit and connectivity to the rest of the City and is an overall attractive neighbourhood.

**Appraised Value:** While an appraisal for these units have not yet been completed, an appraisal for three and four bedroom detached homes in New Sudbury were about \$185,000 in 2017. This would result in an estimated sale value of \$2.2 million if all units were sold and no adjustment is made for the semi-detached homes.

**Key Findings:** Overall, these scattered homes are expensive to operate and experience lower levels of demand relative to other housing types. They will also require similar capital needs as other higher demand projects in the portfolio by 2036. Semi and single detached homes will be the most marketable units if disposal was considered and the capital generated could be used for revitalization efforts elsewhere. The location in New Sudbury will also be a strong market feature. In addition to the sale values, over \$800,000 in capital cost avoidance would be achieved if the assets were sold.



## A15C and A16C Scattered Units – Greater Sudbury



**Project Description:** The GSHC has 106 scattered units throughout Greater Sudbury, although most are concentrated in New Sudbury. The vast majority are single detached, but there are also some semi-detached and a duplex dwelling. They include 80 three-bedroom, 9 four bedroom, and 17 five bedroom suites. The buildings were generally built between 1965 and 1966.

### Building Characteristics:

- Elevator: No
- Heat Source: Natural Gas
- SHRRP Investment: \$1,278,339
- EOD: January 1<sup>st</sup>, 2014

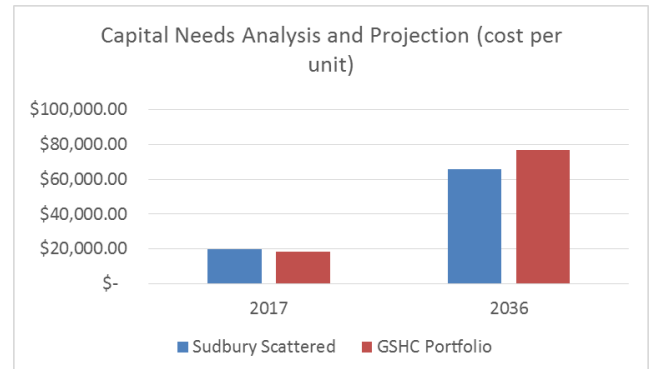
**Operating Costs:** The operating costs for these scattered units are \$533,500, of which approximately \$395,000 are directly attributable to the project.

Of the costs directly attributable to the project, each of these units produce an operating cost of almost \$3,700. The following are key findings:

- As these homes are nearly half of the supply of scattered units in Sudbury, they are near the average in virtually all categories.
- Notwithstanding this, these scattered units are measurably more expensive to operate than the average unit in the portfolio.
- They also have a turnover rate of 18%, near the average of all units in the portfolio.

2017 Operating Cost Summary Table - Sudbury Scattered						
	Sudbury Scattered		All Scattered Units		Entire Portfolio	
Item	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>Specific Costs Known for Each Building</b>						
Total Units	106		241		1,848	
Total Utilities	\$304,296	\$2,871	\$690,952	\$2,867	\$3,448,130	\$1,866
Gas	\$171,370	\$1,617	\$346,516	\$1,438	\$1,297,495	\$702
Hot Water Tank Rentals	\$18,371	\$173	\$47,682	\$198	\$156,896	\$85
Water	\$111,557	\$1,052	\$248,736	\$1,032	\$1,019,750	\$552
Electricity	\$2,998	\$28	\$48,017	\$199	\$973,989	\$527
Turnover Rate	18%		20%		21%	
Move Out Costs	\$28,251	\$267	\$74,180	\$308	\$488,447	\$264
Maintenance	\$60,950	\$575	\$137,771	\$572	\$1,659,650	\$898
Building Attendant Costs	\$0	\$0	\$0	\$0	\$2,497	\$1
Overhead (Phone/Internet)	\$0	\$0	\$41	\$0	\$14,441	\$8
<b>Sub-total</b>	<b>\$393,496</b>	<b>\$3,712</b>	<b>\$902,943</b>	<b>\$3,747</b>	<b>\$5,613,165</b>	<b>\$3,037</b>
<b>Lump Costs for Entire Portfolio Allocated to Individual Buildings Based on the Number of Rentable Rooms</b>						
Property Insurance	\$17,791	\$168	\$39,773	\$165	\$240,743	\$130
Vehicle/Ground Equipment Costs	\$7,807	\$74	\$17,453	\$72	\$105,642	\$57
Field Staff Salary and Benefits	\$105,474	\$995	\$235,799	\$978	\$1,427,263	\$772
General Maintenance	\$8,805	\$83	\$19,686	\$82	\$119,155	\$64
<b>Sub-total</b>	<b>\$139,877</b>	<b>\$1,320</b>	<b>\$312,711</b>	<b>\$1,298</b>	<b>\$1,892,803</b>	<b>\$1,024</b>
<b>Grand Total</b>	<b>\$533,373</b>	<b>\$5,032</b>	<b>\$1,215,654</b>	<b>\$5,044</b>	<b>\$7,505,968</b>	<b>\$4,062</b>

**Capital Needs:** The scattered units currently have an unfunded capital need of \$2.08 million, representing \$19,500 per unit (portfolio average is \$18,000 per unit). By 2036, the capital need would increase to \$6.9 million or \$65,500 per unit (portfolio average is \$77,000 per unit). This data indicates that while the current buildings require a similar capital investment (on a per unit basis) than the average for the GSHC portfolio, capital needs will accumulate more modestly to 2036.



**Wait List Data:** The wait list for these units is relatively high compared to other three – five bedroom offerings in the City. The wait list typically fluctuates between 30 and 50 households. Currently there are 50 households waiting for the A15C scattered and 18 households waiting for the A16C scattered.

**Locational Attributes:** The homes are scattered throughout the highly desirable New Sudbury community.

**Appraised Value:** While an appraisal for these units has not yet been completed, an appraisal for three and four bedroom detached homes in New Sudbury were about \$185,000 in 2017. This would result in an estimated sale value of \$19.6 million if all units were sold.

**Key Findings:** Overall, these scattered homes are expensive to operate but appear to be popular amongst tenants given the higher wait list relative to other larger bedroom types. However, they will require similar capital needs as other higher demand projects in the portfolio by 2036. Semi and single detached homes will be the most marketable units if disposal was considered and the capital generated could be used for revitalization efforts elsewhere. The location in New Sudbury

will also be a strong market feature. In addition to the sale values, over \$800,000 in capital cost avoidance would be achieved if the assets were sold.

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consultants limited



## DRAFT - Memorandum

<b>To:</b>	<b>City of Greater Sudbury</b>		
<b>From:</b>	N. Barry Lyon Consultants Limited		
<b>Phone:</b>	(416) 364-4414	<b>Date:</b>	November 2018
<b>Re:</b>	Social Housing Revitalization Plan: Portfolio Rationalization Analysis		

N. Barry Lyon Consultants Limited (NBLC) has been retained by the City of Greater Sudbury to develop a Social Housing Revitalization Plan, which aims to develop a range of strategies designed to revitalize and optimize the aging social housing stock. As part of this Revitalization Plan, NBLC has evaluated each of the real estate assets managed by the Greater Sudbury Housing Corporation to understand the strengths and weaknesses of each building/project. Factors such as operating and capital costs, alignment with current and projected social housing demand, wait list indicators, end of debentures, required grant repayments, locational strengths/weakness, unit turnover rate, long term vacancy occurrences, redevelopment potential, and other similar items have all been evaluated.

This foundational piece of analysis will be used to develop recommendations to be undertaken through the revitalization plan. The summary information and recommendations found herein are based on the following background work completed in support of the Revitalization Plan:

- Affordable Housing Supply and Demand Analysis: NBLC assessed current and projected demand for affordable housing in the City of Greater Sudbury relative to the existing social housing supply. This work directly influenced some of the findings within the GSHC Real Estate Portfolio Analysis.
- GSHC Real Estate Portfolio Analysis: NBLC assessed each asset in the GSHC housing portfolio. This analysis determined the qualitative and quantitative strengths/weaknesses of each asset. A profile of each GSHC asset is provided in this report, which summarizes the data and other factors evaluated.



- **Stakeholder Consultation:** Utilizing the Real Estate Portfolio Analysis, NBLC facilitated a discussion of the GSHC real estate portfolio to identify the properties that require targeted revitalization strategies and/or other interventions. Attendees at this session included key members of the GSHC, members of the GSHC Board of Directors, and staff from the City's Housing Services department.
- **Social Housing Revitalization Best Practices:** This report informs the larger Revitalization Plan with respect to social housing revitalization approaches that have proven effective in other jurisdictions.

Based on the analysis undertaken by NBLC, in addition to the consultation session with the GSHC and City of Greater Sudbury, the GSHC assets have been sorted into one or more of the following categories.

- **Retain:** Assets are generally in good shape, perform well, and meet the needs of current and future tenants. These buildings will be retained and all required capital repairs will be made. Renovations and other investments (e.g. energy retrofits, design interventions, green space implementation, etc.) could also be considered on a site by site basis.
  - These assets will require base capital repairs to ensure they can remain operational and can be safely occupied. Some assets may require more significant capital investments, but remain useful components of the GSHC portfolio and should therefore be retained.
- **Revitalize and Retain:** Assets are generally challenged due to one or more prevailing issues. These buildings may not be strategically located from a redevelopment perspective, would command a modest value if sold, or other contributing factor that would make the asset less desirable for redevelopment or disposition. Revitalization actions are required at these assets to improve the living conditions, desirability and attractiveness of the asset/community, reduce the high operating costs and/or capital liability, and other actions to ensure the asset is restored as a useful component of the GSHC portfolio. Investments such as interior renovations, exterior façade improvements, site design interventions (e.g. public parks, art, community programming, community hub/space, etc.) could all be considered. Other factors such as converting some units to AMR or market housing to promote income-mixing could also be considered.
- **(Re)development:** Could include total or partial redevelopment of large sites, demolition and new development on existing sites, new development on underutilized or vacant lands, as well as significant alterations to existing assets (e.g. converting a large home into two smaller apartments, expanding an existing apartment building, etc.).
- **Dispose:** These assets typically do not meet the future projected demand and have high operating costs. These assets should be sold to generate capital for investment efforts





elsewhere. This could include a market sale or selling a home to existing RGI tenants or other qualifying purchaser through an affordable ownership program.

The recommendations in this report have been developed through a short to mid-range planning horizon. Appreciating that there are not enough financial resources or organizational capacity to fully revitalize every asset within the portfolio, some assets may be sorted into more than one category (e.g. retain until funding becomes available for redevelopment, both redevelopment and disposal should be considered, etc.).

## 1.0 Asset Classification Analysis

The tables on the following pages illustrate the classification results based on the analysis and consultation completed. Some observations are noted:

- Nearly 70% of the portfolio falls within the **Retain** category, including 100% of the one-bedroom units in the portfolio.
- The assets recommended for retention have modest average operating costs (annual) on a per unit basis (\$3,620) relative to the assets classified as **Revitalize and Retain** (\$4,869), **Redevelopment** (\$5,308), and **Dispose** (\$4,967).
- Similarly, the forecasted average capital need on a per unit basis to 2036 is lower for the assets recommended for retention (\$66,268) when compared to the assets classified as **Revitalize and Retain** (\$112,554) and **Redevelopment** (\$124,273). Of note, the assets recommended for disposal have capital needs very similar to the retention category.
- The assets classified as **Retain** have a forecasted capital need of just over \$82 million by 2036, representing approximately 60% of the total capital need of the entire portfolio. This capital need is estimated through Ameresco Asset Planner software, which uses component life duration, estimated costs, and date of last replacement to generate a comprehensive model of necessary capital work.
- While the Asset Planner software is an efficient tool to estimate the capital needs of a portfolio for reporting and forecasting purposes, a more detailed analysis is necessary when making capital investment decisions. More detailed analyses will consist of building component inspections and full building condition assessments.
- It is important to note that the service manager will remain responsible for the segment classified as **Retain**, which includes this forecasted capital need and the ongoing operating subsidy.



Asset Classification: RETAIN										
Property	Typology	Units						Capital Need to 2036	Capital Need to 2036 (per unit)	Operating Cost Per Unit (2017)
		1 BR	2 BR	3 BR	4 BR	5 BR	Total			
720 Bruce	High-Rise Apartment	250	1				251	\$11,737,328	\$46,762	\$3,065
166 Louis	High-Rise Apartment	50					50	\$2,903,361	\$58,067	\$3,830
1920 Paris	High-Rise Apartment	100	1				101	\$8,055,031	\$79,753	\$2,849
1960 A Paris	High-Rise Apartment	100		1			101	\$7,417,611	\$73,442	\$3,724
1960 B Paris	High-Rise Apartment		150	12			162	\$14,288,726	\$88,202	\$3,817
1052 Belfry	High-Rise Apartment	100	1				101	\$5,118,135	\$50,675	\$2,626
715 Burton	Low-Rise Apartment	20					20	\$2,009,274	\$100,464	\$3,764
1528 Kennedy	Low-Rise Apartment	20					20	\$1,025,395	\$51,270	\$3,643
3553 Montpellier	Low-Rise Apartment	41					41	\$2,401,322	\$58,569	\$3,135
240 B Street	Low-Rise Apartment	26					26	\$1,797,309	\$69,127	\$4,155
155 Lapointe	Low-Rise Apartment	27					27	\$2,019,438	\$74,794	\$3,634
27 Hanna	Low-Rise Apartment	20					20	\$1,668,575	\$83,429	\$4,173
35 Spruce	Low-Rise Apartment	24					24	\$1,907,638	\$79,485	\$3,929
1200 Attlee	Townhouse		24	16	29	7	76	\$5,717,634	\$75,232	\$4,348
1950 LaSalle	Townhouse		20	74	12		106	\$7,400,510	\$69,816	\$4,601
241 Second	Townhouse			36	26	8	70	\$3,732,799	\$53,326	\$4,701
491 Camelot	Townhouse		20	22			42	\$2,840,194	\$67,624	\$3,948
Sub-Total/Average		778	217	161	67	15	1,238	\$82,040,281	\$66,268	\$3,620
Percentage of Total		100%	62%	32%	42%	33%	67%	59%	-	-



Asset Classification: REVITALIZE AND RETAIN										
Property	Typology	Units						Capital Need to 2036	Capital Need to 2036 (per unit)	Operating Cost Per Unit (2017)
		1 BR	2 BR	3 BR	4 BR	5 BR	Total			
159 Louis	Low-Rise Apartment and Townhouse		66	39	15	7	127	\$21,035,571	\$165,634	\$5,412
Rumball Terrace	Townhouse			26	12	4	42	\$2,754,826	\$65,591	\$4,286
744 Bruce	Townhouse		45	93	12		150	\$13,117,315	\$87,449	\$4,529
1778 LaSalle	Townhouse			16	11	3	30	\$2,373,550	\$79,118	\$5,084
Sub-Total/Average		0	111	174	50	14	349	\$39,281,261	\$112,554	\$4,869
Percentage of Total		0%	32%	34%	31%	30%	19%	28%	-	-

Asset Classification: (RE)DEVELOPMENT										
Property	Typology	Units						Capital Need to 2036	Capital Need to 2036 (per unit)	Operating Cost Per Unit (2017)
		1 BR	2 BR	3 BR	4 BR	5 BR	Total			
Cabot Park	Low-Rise Apartment and Townhouse		20	44	24		88	\$5,683,150	\$64,581	\$5,158
159 Louis	Low-Rise Apartment and Townhouse		66	39	15	7	127	\$21,035,571	\$165,634	\$5,412
1778 LaSalle	Townhouse			16	11	3	30	\$2,373,550	\$79,118	\$5,084
Bruce Avenue Property	Vacant Land						0	-	-	-
Other Available Lands	Vacant Land						0	-	-	-
Sub-Total/Average		0	86	99	50	10	245	\$29,092,271	\$118,744	\$5,280.73
Percentage of Total		0%	24%	19%	31%	22%	13%	21%		-



Asset Classification: DISPOSE										
Property	Typology	Units						Capital Need to 2036	Capital Need to 2036 (per unit)	Operating Cost Per Unit (2017)
		1 BR	2 BR	3 BR	4 BR	5 BR	Total			
Cabot Park	Low-Rise Apartment and Townhouse		20	44	24		88	\$5,683,150	\$64,581	\$5,158
Scattered Units	Single-Family Home		4	132	20	17	173	\$11,240,962	\$64,977	\$5,035
Rumball Terrace	Townhouse			26	12	4	42	\$2,754,826	\$65,591	\$4,286
Sub-Total/Average		0	24	202	56	21	303	\$19,678,938	\$64,947	\$4,967
Percentage of Total		0%	7%	40%	35%	46%	16%	14%		-



- Approximately 30% of the units in the portfolio are recommended to receive attention beyond base capital repairs and appropriate improvements/renovations. The majority of these units include two and three bedroom suites, which have experienced declining waitlist numbers since 2011. Aside from the scattered homes, these units are made up of townhomes and low-rise apartments.

## 2.0 Priority of Revitalization Efforts

Six GSHC projects have been classified as **Revitalize and Retain**, **(Re)Development**, and/or **Disposal**. The following briefly describes each of these assets, the classification(s) recommended, and the overall priority of revitalization efforts.

### 2.1 High Priority

#### 2.1.1 Sale of Scattered Units

- These units are relatively popular amongst tenants (higher wait list than 2-4 bedroom apartments and townhomes) and have lower capital needs relative to other assets in the portfolio, which is partially due to significant SHRRP investments over the past decade. These homes also represent a mixed-income approach to social housing, as they are scattered throughout market residential neighbourhoods.
- However, these units are also very expensive to operate on an annual basis and do not match the core demand characteristics of current and forecasted social housing tenants and the need for accessible one-bedroom units.
- The scattered homes are the most marketable assets owned by the GSHC from a sale perspective and typically have sale values ranging from \$185,000 to \$200,000<sup>1</sup>. Unlike some of the larger townhome projects managed by the GSHC, the scattered units do not contain the same site disposition challenges (e.g. require a plan of subdivision or part-lot control), although some semi-detached homes may require severances if they are sold.
- A forecast of \$32.0 million is estimated if all 173 scattered homes could be sold for the \$185,000 benchmark appraisal value.
- The sale of scattered homes is a common practice across the Province. Despite the positive features that the scattered units provide, the sale of these homes can provide a quick injection of capital for other revitalization efforts and will also be an important first step in realigning the affordable housing supply with demand. It is also likely that if these units are sold,

<sup>1</sup> Per benchmark appraisals completed by Appraisals North Realty Inc. for the GSHC.





households on the wait list will redistribute to the townhome projects in the GSHC portfolio, which experience weaker demand from tenants but offer similar accommodation.

- In addition to sale values, the disposal of the 173 scattered units would result in a capital cost avoidance of \$11.2 million to 2036 (i.e. the \$11.2 million capital investment that is required for these units between 2018 and 2036 would not have to be made if they were sold).
- Some of the scattered homes could be sold to existing tenants or other qualifying households through an affordable ownership program. There are several models to consider, the most basic being that the City offer down payment assistance (in the form of a secured second mortgage) to qualifying purchasers. When the home is eventually sold by the home owner, the City is reimbursed through a repayment of the original loan plus a share of the gain in equity. This model allows existing tenants or other qualifying low-income household the opportunity to enter the home ownership market. It allows the City to provide assistance to these households, share in the long-term gain in equity of the real estate, and generate capital for revitalizing the social housing stock.
- Homes could be sold over the long-term at tenant turnover, with the equity put aside in a fund designated solely for the purpose of building new housing. The disposition program could be accelerated through offering a relocation incentive program to existing tenants.
- These RGI units would have to be replaced through some combination of new housing development, rent supplements, and/or portable housing benefits to maintain the RGI service level standard.
- While the majority of the scattered homes, including the New Sudbury Scattered homes (A15C and A16C) have reached EOD, others have not. Selling an asset prior to EOD will require debenture payout and could also result in other financial penalties. The scattered homes that have not reached EOD include Chelmsford St. Onge (2026), Garson Catherine/Maplewood (2022), New Sudbury Colonial Court (2024), and New Sudbury Havenbrook/Springbrook (2026).
- Many of the scattered homes also have SHRRP grants tied to them, which generally range from as little as \$700 to around \$12,000. These grants were largely for renovation and retrofit capital programs that covered basement repairs and new windows and roofing. The funds were advanced at various points in 2010 and have a ten-year affordability requirement. Therefore, if any of these homes are sold prior to 2020, a pro-rated portion of the grant must be repaid. The City could therefore wait until 2020 to dispose of these assets, however the repayment amount would be insignificant (e.g. \$12,000 grant issued in 2010, if sale occurred in 2019 a pro-rated repayment of only \$1,200 would be required).



- Notwithstanding the above, three of the scattered homes (2065 and 2110 Madison Avenue and 1157 Paquette Street) have significant grants attached to them in excess of \$85,000. These should not be sold until the repayment window has expired.

#### 2.1.2 159 Louis Street

- This project is located adjacent to Greater Sudbury's downtown and contains 31 townhomes as well as 96 units in a series of walk-up apartments. The majority of units are two and three bedrooms.
- Overall, demand is very low for these units as there are currently only 10 households waiting for 31 townhomes and 3 households waiting for 96 walk-up apartments. The turnover rate is also very high for the walk-up apartments, which indicates a general undesirability of the units and results in lost revenue through move-out costs and vacancy loss.
- These units are not popular for seniors due to accessibility issues associated with walk-up apartments and multi-storey townhomes. The adjacent GSHC high-rise building (166 Louis) offers 50 one-bedroom units and performs well from virtually every perspective (e.g. operating cost, capital needs, turnover rate, waitlist demand).
- The cost of operating these units is very high relative to other assets in the portfolio and the project also has high capital needs, exceeding \$21 million by 2036.
- Revitalization actions are necessary at this site given the high costs, high capital needs, weak demand as per the wait list, and the overall inability of the property to adequately meet the needs of current and future tenants. Due to the fact that the units at 159 Louis are likely to experience modest demand and value from a disposition perspective, as well as the site's strategic location near Sudbury's downtown, the site has been classified as either **Retain and Revitalize** or **Redevelopment**.
- The large property is strategically located next to the downtown and has excellent development potential. The site could therefore be redeveloped with a strong mix of building typologies and affordability levels. This mixed-income approach would revitalize the existing property, create a more financially sustainable model in the delivery of social housing, and increase the population (with a broad mix of socioeconomic characteristics) in the downtown, the latter of which is a council objective.
- Building on the above, the site is large and centrally located and could accommodate social service providers, community amenity space, and/or a community hub opportunity. The GSHC has already investigated the potential of converting one of the walk-up apartments to a space dedicated for social service delivery.



- The site could accommodate full or partial redevelopment, and could be undertaken incrementally in phases. Notwithstanding the benefits of redevelopment, the current lack of capital dollars is a major barrier to moving forward with a large scale redevelopment such as this.
- Other strategies could be investigated to revitalize the site, which could lead to the long-term retention of the property. Actions such as major renovations to the townhomes and walk-up apartments, converting units to one-bedroom suites, improving existing accessibility issues, integrating park space into the property, integrating social services or other community space into the site, and other similar strategies that improve the project's attractiveness and ability to meet the needs of those requiring social housing.
- The project has reached EOD, however it has received significant SHRRP grants totaling \$1.168 million. While the repayment window does not expire until 2020, it is highly unlikely that the City will be able to move forward with a large-scale redevelopment of this property within the next two years. There are therefore few obstacles for revitalization aside from maintaining RGI service level standards.

### 2.1.3 Cabot Park

- The townhomes and low-rise apartments at Cabot Park experience low levels of demand from social housing tenants, with only 3 households waiting for the 20 apartment units and 2 households waiting for the 68 townhomes. At the same time, these units are very expensive to operate and experience high turnover rates relative to other assets in the portfolio. The property also requires nearly \$5.7 million in capital repairs by 2036.
- The property is located in the Donovan neighbourhood, which is an area of the City that accommodates a significant concentration of social housing. As a result, the surrounding real estate market and socio-economic indicators for the community are weak.
- For the above reasons, the asset is not suitable for revitalization nor does it meet the current or projected demand profile of tenants. It is therefore recommended that the property be either **Redeveloped** or **Disposed**.
- Disposal of the site could include selling the units as individual lots, similar to the approach of selling the scattered units. However, these homes are not currently located on separate, transferable lots. As a result, a plan of subdivision will be required to create a lot for each home. This will add costs, time, and complexity/uncertainty to disposing of the units.
- Alternatively, it could be possible to sell the units to College Boreal for student housing, or to another investor/rental operator interested in the current homes. This would avoid the need for a plan of subdivision.



- The appraised value of the townhome/semi-detached units is approximately \$150,000 (per home) as per a 2017 appraisal prepared for the GSHC. This compares with an appraised value of between \$185,000 and \$200,000 for the New Sudbury scattered single-family homes. Selling these units could therefore result in approximately \$10.2 million as well as \$5.7 million in capital cost avoidance. The capital gained through this process can be used for revitalization and development efforts elsewhere.
- A comprehensive redevelopment of the property could also be undertaken, which could be implemented in phases. The large property could easily replace the existing 88 units in a much more compact and mixed-income development, and could possibly result in residual lands that could be sold or converted to public space (e.g. park).
- The GSHC could also retain the property and repurpose the homes to student rentals at market rates. While this would improve the revenues collected by the GSHC, it would negate any capital that would have been gained through the sale of these assets. The City would then have to fund the development of 88 RGI units (or rent supplements) at another location.
- Whichever direction is selected through the revitalization plan, the long-term operation of the property in its current form is not a desirable outcome. The property should be retained until a redevelopment plan is prepared and capital is secured, or the property should be sold or retained by the GSHC and repurposed to market rates.
- The project has reached EOD and also does not owe any SHRRP grants, therefore presenting few obstacles for revitalization aside from maintaining RGI service level standards.

#### 2.1.4 *Rumball Terrace*

- These townhomes are sandwiched between three high-rise social housing towers owned by the GSHC. This context makes them unpopular amongst families in need of social housing, which is the primary reason noted for the low demand experienced at these units.
- Currently there are only 3 households waiting for 42 townhomes. Unlike other projects in the GSHC portfolio offering 3-5 bedroom units, demand has been consistently low at this location since 2011.
- Notwithstanding these issues, the townhomes experience relatively low operating costs. In addition, the capital needs of the property are currently lower than the portfolio average and will continue to be modest to 2036. The property also does not reach EOD until 2021.
- Redeveloping the townhomes with apartments is not believed to be viable due to underground parking and other site challenges as noted by GSHC staff. The site has therefore **not** been classified for **Redevelopment**.



- Action is required at this property to address the low demand experienced. The site has therefore been classified as **Revitalize and Retain** or **Dispose**.
- It is possible to undertake significant renovations at these units to improve building conditions and the attractiveness of the project. The GSHC could also consider converting the townhomes to market rates to increase the social mix on the large property – however these RGI units would have to be replaced elsewhere.
- The sale value of these units is likely to be low due to the presence of a significant density of high-rise social housing buildings as well as the imposing built-form impacts that these buildings create. The sale of these homes may therefore result in a negligible equity gain.
- Notwithstanding the above, some of the townhomes could be demolished to create more park and amenity space on the site. This would provide an improved living environment for the families who live in the townhomes and apartment building at 1960(B) Paris. The open space could integrate with the multi-use centre already on the site, which could significantly improve the use and functionality of the space.
- A combination of these strategies could also be considered where some townhomes are demolished to integrate greater park and community space, units are renovated/improved, and some units are converted to market to allow greater income-mixing.
- Of note, the above strategies will result in the loss of RGI units, which will require replacement without any offsetting gain in equity. Notwithstanding this, this option could still be rationalized if the capital cost avoidance of the units as well as improved operating considerations (e.g. lower turnover/move out costs and vacancy loss) are accounted for.
- While there have been significant capital grants allocated to this property over the past ten years, they have all been specific to the high-rise towers.

### *2.1.5 Development on Surplus City and GSHC Lands*

In addition to the vacant property owned by the GSHC on Bruce Avenue, as well as redevelopment opportunities on GSHC owned properties, the identification of surplus City-owned properties that are appropriate for modest social housing buildings should be initiated. The development of new and modestly sized mixed-income buildings to replace the sold scattered units will be a vital component of the City and GSHC's ability to renew and revitalize the housing portfolio.





## 2.2 Moderate Priority

### 2.2.1 1778 LaSalle

- This townhome project is well located in New Sudbury and has frontage on LaSalle Boulevard. Its surrounding context likely will be supportive of a denser and more compact development consisting of mid-rise apartments, stacked townhomes, and compact traditional townhomes.
- Unlike other GSHC housing in New Sudbury, the wait list for this property is much lower, with only 12 households currently waiting for the 30 townhomes. This property is of poorer quality than the other GSHC townhomes in New Sudbury, which is contributing to low demand and a high level of unit turnover and resulting move-out costs and vacancy loss.
- The operating costs and capital needs at this development are also very high relative to other assets in the portfolio.
- Notwithstanding the site's challenges, it is located in a "strong" market area that presents an opportunity to implement a mixed-income project. This asset has therefore been classified as **Revitalize and Retain** and **(Re)Development**. Given the strategic location, disposal should not be considered.
- Strategic improvements at the site could increase the attractiveness and desirability of the project, such as interior renovations and improvements to unit functionality, base capital repairs, energy retrofit improvements to reduce utilities and operating costs, and other similar actions. These actions would likely improve many of the negative features observed at this project and result in the asset becoming a useful component of the GSHC housing portfolio over the long-term.
- On the other hand, this is a very well-located site that could likely be developed with a higher intensity of development. Redeveloping this property with one-bedroom units would in all likelihood make the site one of the most popular offerings in the GSHC portfolio. This would also introduce much needed one-bedroom units into the New Sudbury community.
- While the site is a strong redevelopment opportunity, it is of a lower priority relative to the scattered units, Cabot Park, Rumball Terrace, and Louis Street in terms of immediate actions being needed.

### 2.2.2 744 Bruce

- The largest townhome project in the GSHC portfolio experiences high tenant turnover and weak demand, with only 12 households waiting for 150 townhomes. The costs of operating these units is expensive relative to other assets in the portfolio and there are considerable capital expenses required looking forward to 2036.



- The units at this site could be sold, however similar to Cabot Park, a plan of subdivision would be necessary and the sale values would likely be modest. New development on the site could also be contemplated, however there are several considerations that limit the attractiveness of this option:
  - The area is already dense with social housing.
  - The property is very large and would require significant financial and other resources to undertake a comprehensive redevelopment.
  - There is a vacant GSHC property just west of this site that could accommodate a new social housing building.
  - The large townhome project could become a more useful component of the GSHC portfolio if strategic improvements were implemented, which would be a more cost effective option relative to redeveloping the site.
- The property has therefore been classified as **Revitalize and Retain**. While the site is well utilized with a relatively efficient and compact development pattern, actions are required to improve demand on the property and reduce operating expenses.
- The sale of scattered units is likely to redirect demand for larger units to the GSHC townhomes. If improvements to the site (e.g. incorporating new and better integrated green space, community amenity space/community facilities) and renovations to the units were also implemented, the attractiveness of the property would likely improve.
- Some units could be sold at market rates or converted to market rents to improve the social mix at this very large and concentrated social housing project. Social mixing is often viewed as a positive step in improving behavioural issues at social housing developments. A mixed-income approach is also observed to improve overall living conditions, perceptions of safety, sense of community, decreasing operating expenses, and improved revenues. Improvements to the site, such as better integrated open space and community facilities, could be necessary to enhance the opportunities of income mixing.
- Similar to 1778 LaSalle, while revitalization actions are required at this property, it is a lower priority than the other GSHC sites identified in the previous sub-section.

### 3.0 Next Steps

The results of this analysis will be used to develop the Social Housing Revitalization Plan. This analysis, along with the other background research and analyses completed, will result in the selection of specific actions to be implemented that will have the greatest impact in revitalizing the



social housing stock. This Plan will also include an implementing business plan, which will contain all of the quantitative and qualitative aspects of each of the selected strategies.

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## Memorandum

<b>To:</b>	<b>City of Greater Sudbury</b>		
<b>From:</b>	N. Barry Lyon Consultants Limited		
<b>Phone:</b>	(416) 364-4414	<b>Date:</b>	December 2018
<b>Re:</b>	Social Housing Revitalization Plan: Base Case Analysis – Operating and Capital Subsidy Projection		

N. Barry Lyon Consultants Limited (NBLC) has been retained by the City of Greater Sudbury to develop a Social Housing Revitalization Plan, which aims to develop a range of strategies designed to revitalize and optimize the aging social housing stock. As part of this Revitalization Plan, NBLC has prepared an analysis that illustrates how the operating subsidy and capital needs of the Greater Sudbury Housing Corporation (GSHC) might increase looking forward if no revitalization actions are taken and funding practices remain static. This analysis is referred to as the base case or “do nothing” scenario.

Understanding the base case is critical to the Revitalization Plan as it illustrates the undesirable financial position that will be encountered if revitalization efforts are not implemented. The City of Greater Sudbury is directly responsible for funding the GSHC’s operating and capital needs.

### 1.0 Operating Subsidy Projection

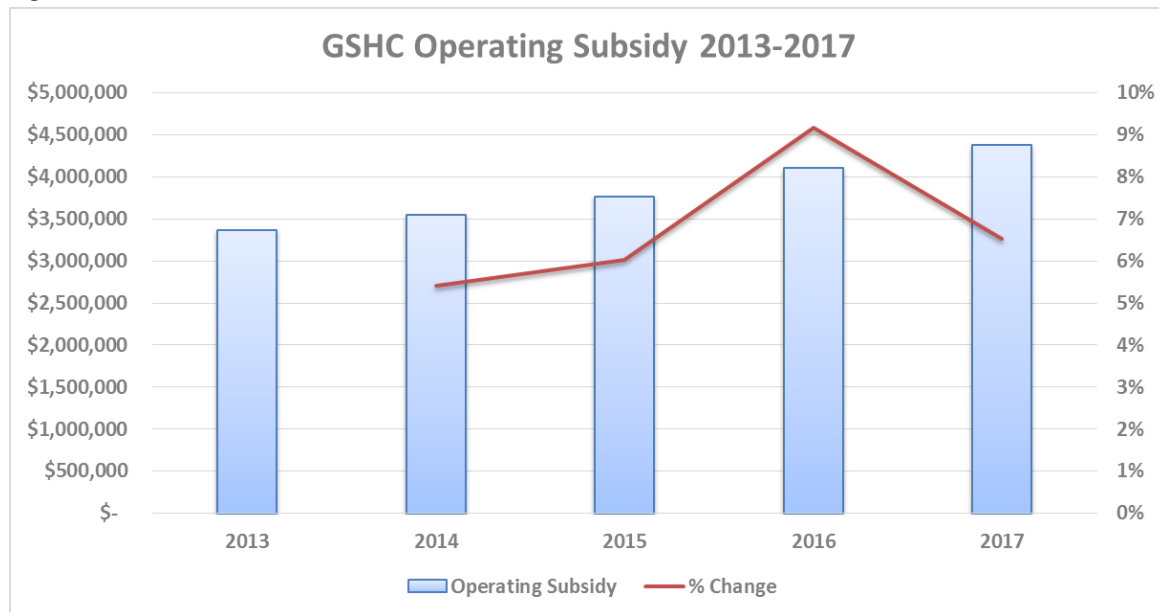
The City of Greater Sudbury (CGS) is responsible for providing “sufficient” operating funding to the GSHC through the Housing Services Act. The CGS has developed a funding formula that provides an annual operating subsidy to the GSHC based on benchmarks for various budget categories, which are inflated each year using the relevant indices released by the Ministry of Housing. If an operational surplus is realized in a given year, the amount is transferred to a reserve fund that is subject to the reserve fund policy and service manager approval. If an operational deficit is experienced, the reserve fund (or additional City funding in the absence of a reserve fund)



is used to cover the difference in the budgeted operating subsidy and the year-end financial position of the GSHC. The GSHC is also permitted to submit a business case for additional funding above the annually inflated benchmark, which the CGS may approve on a case by case basis.

The GSHC operating subsidy has increased by an annual average of 6.77% between 2013 and 2017. As per Figure 1 below, the operating subsidy has increased from \$3.37 million in 2013 to \$4.37 million in 2017. Of note, the GSHC stopped paying property taxes in 2015, which significantly reduced the required subsidy. To account for this change, we have removed the property tax line item from the 2013 and 2014 operating budget to provide a consistent picture for all years.

**Figure 1**



Source: GSHC, CGS, NBLC (note: property taxes have been removed for the 2013 and 2014 budgets; payment of property taxes no longer required beginning in 2015).

Similar to many housing corporations in Ontario, salaries/benefits and utilities make up the largest proportion of the total operating costs experienced by the GSHC. While salaries and benefits have increased 10% over this time (includes full-time GSHC staff as well as seasonal staff and contract workers), utilities have actually decreased by around 5% since 2013 due to the energy retrofits implemented by the GSHC. While these energy improvements have decreased utility costs, it is expected that these costs will increase from current (2017) levels looking forward as long-term utility rate increases are likely.

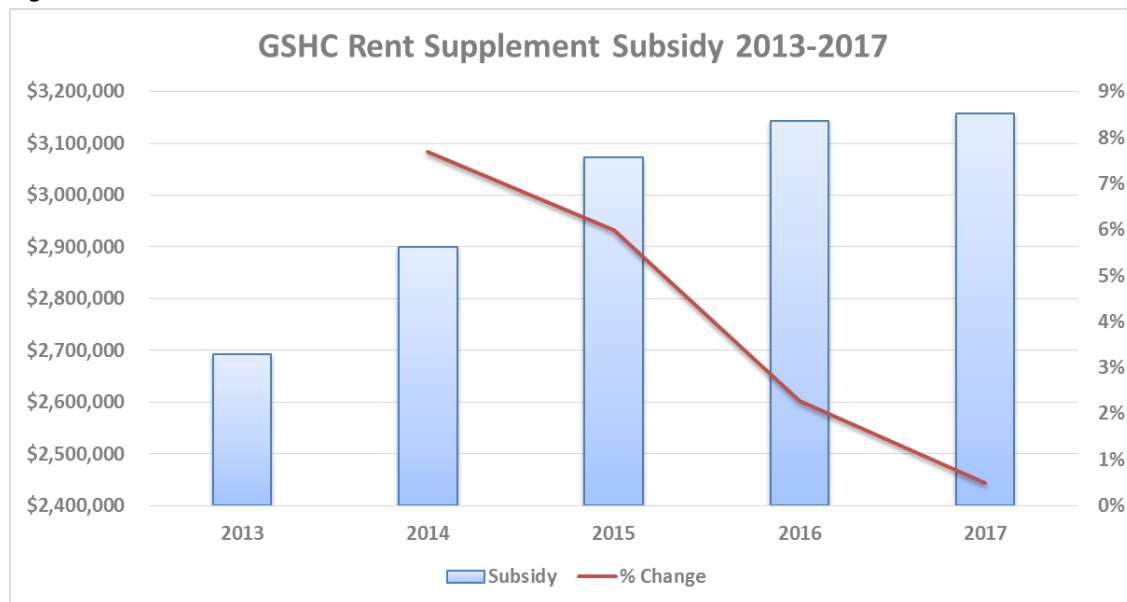
Revenue from rent has been static since 2013 given the RGI tenant base. However, the GSHC's overall revenue has increased by roughly 6% over this period, which is largely due to increased sundry revenue and the GSHC beginning management services (e.g. property management, RGI administration, etc.) for other social housing providers in 2015.





The GSHC also receives a subsidy from the City for the management and operation of the rent supplement program, which was \$3.16 million in 2017. As per Figure 2, the rent supplement subsidy has increased modestly in 2016 and in 2017, however more significant increases were observed between 2013 and 2015. Overall, the subsidy has increased by an annual average of just over 4% between 2013 and 2017. Rent supplement subsidy requirements will shift on an annual basis due to changes in market rent and vacancy, rent supplement reserve funds, and the availability of units based on landlord participation in the program.

**Figure 2**



Source: GSHC, CGS, NBLC

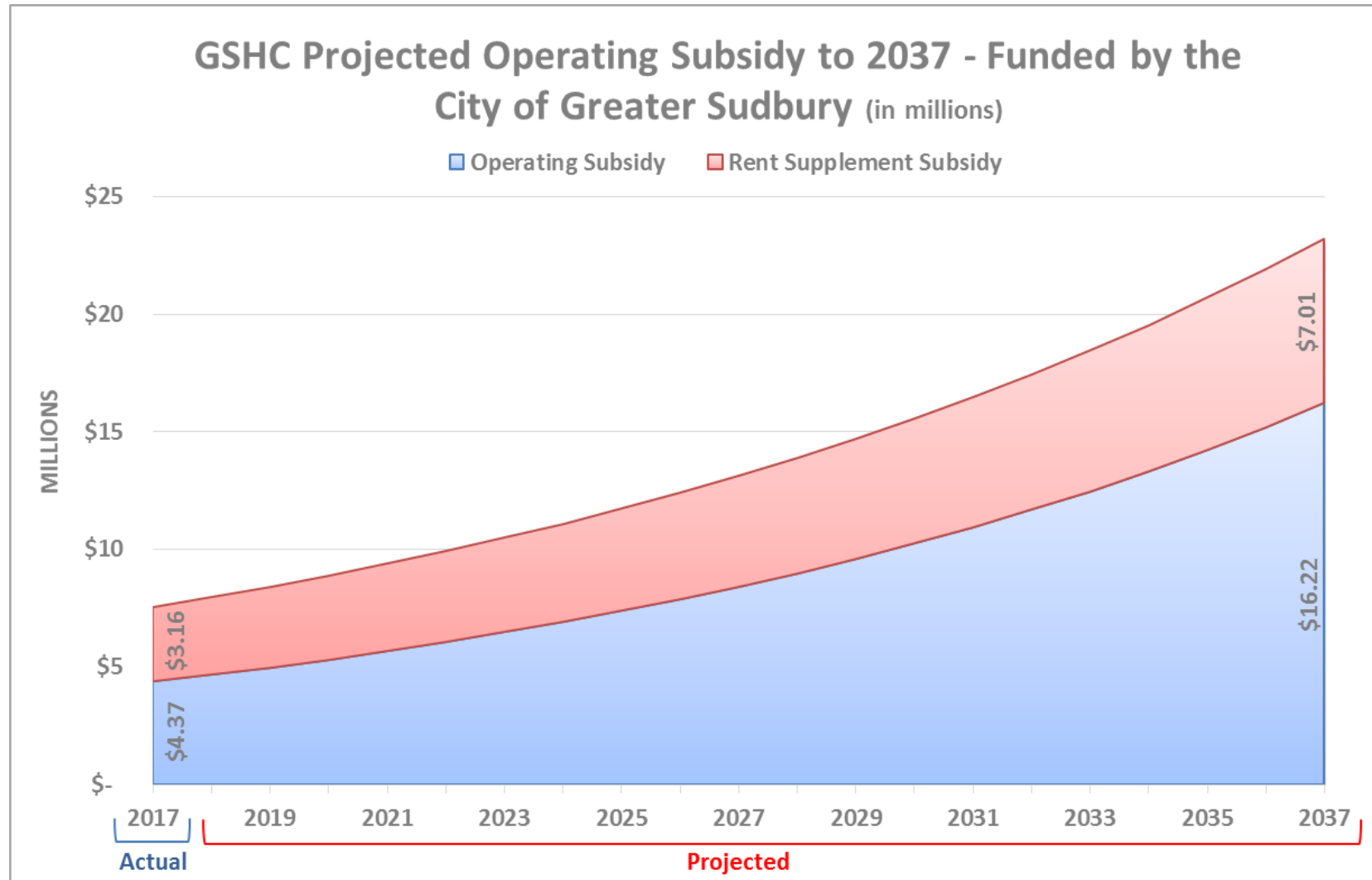
Figure 3 illustrates the projected annual subsidy that might be required over the next 20 years if current trends continue. The required operating subsidy of the GSHC will increase from the current amount of \$4.37 million to over \$16 million by 2037 if the annual rate of increase is sustained (6.77% annual average since 2013). Similarly, the rent supplement subsidy will increase from the current amount of \$3.16 million to over \$7.0 million by 2037 if the annual rate of increase is sustained (4.07% annual average since 2013). This represents a total annual commitment of roughly \$23.2 million by 2037, which is more than 3 times higher than the current annual commitment for these items.

This financial commitment will be further amplified by the fact that federal block funding is continuing to roll off as social housing projects reach their “End of Debentures/Operating Agreements”.

It is also noted that the subsidies identified in this memo pertain only to the GSHC housing portfolio. The CGS also provides subsidies to the other non-profit and cooperative housing providers that operate within the City’s social housing umbrella.



Figure 3



Source: NBLC



## 2.0 Capital Needs Projection

Similar to the operating subsidy, the CGS is required to provide “sufficient” capital funding to the GSHC through the Housing Services Act. The funding received from the CGS was established by the Province in 2000 at \$2.31 million, and remained at that level until 2012 as illustrated by Table 1.

Table 1

GSHC Annual Capital Subsidy			
Year	Increase %	Increase \$	Subsidy Amount
2000	-	-	\$2,310,000
2001	-	-	\$2,310,000
2002	-	-	\$2,310,000
2003	-	-	\$2,310,000
2004	-	-	\$2,310,000
2005	-	-	\$2,310,000
2006	-	-	\$2,310,000
2007	-	-	\$2,310,000
2008	-	-	\$2,310,000
2009	-	-	\$2,310,000
2010	-	-	\$2,310,000
2011	-	-	\$2,310,000
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

Since 2012, the benchmark subsidy amount has increased annually using the Capital Reserve Index issued by the Ministry of Housing each year. In addition to this annual inflator, there have also been increases above the Capital Reserve Index in 2015 and 2016 as capital repairs were needed in excess of the budgeted capital amount. In addition to the required capital subsidy noted in Table 1, the GSHC has also received other capital grants from senior levels of government (e.g. SHIP, SHRRP, SHARP, etc.).

Despite the ongoing capital subsidy received through the CGS, and other capital funds secured by the GSHC, the GSHC housing portfolio currently has a capital backlog of roughly \$30.5 million as of 2017. The GSHC has estimated this capital need using *Ameresco Asset Planner* software, which estimates the necessary capital needs and associated costs of a building. The program itemizes all



components (internal, external, and property) of a building and the date of last replacement/refurbishment. An estimate of component life duration and the cost of replacing specific components is then provided, which estimates the annual capital work and costs of the portfolio. In addition to the current \$30.5 million capital back log, Asset Planner estimates that approximately \$108.7 million of additional capital work is needed to 2036, for a grand total of \$142.3 million over the next 19 years.

Figure 4 illustrates how the unfunded capital backlog will grow if no action is taken. This model assumes that the 2017 capital subsidy of \$3.04 million is inflated annually by 2%, which attempts to mimic the Capital Reserve Index released each year. With these assumptions, the \$142.3 million capital need would be met with \$73.8 million in funding from the CGS. This would result in the current unfunded capital backlog more than doubling from \$30.5 million as of 2017 to over \$68.5 million by 2036.

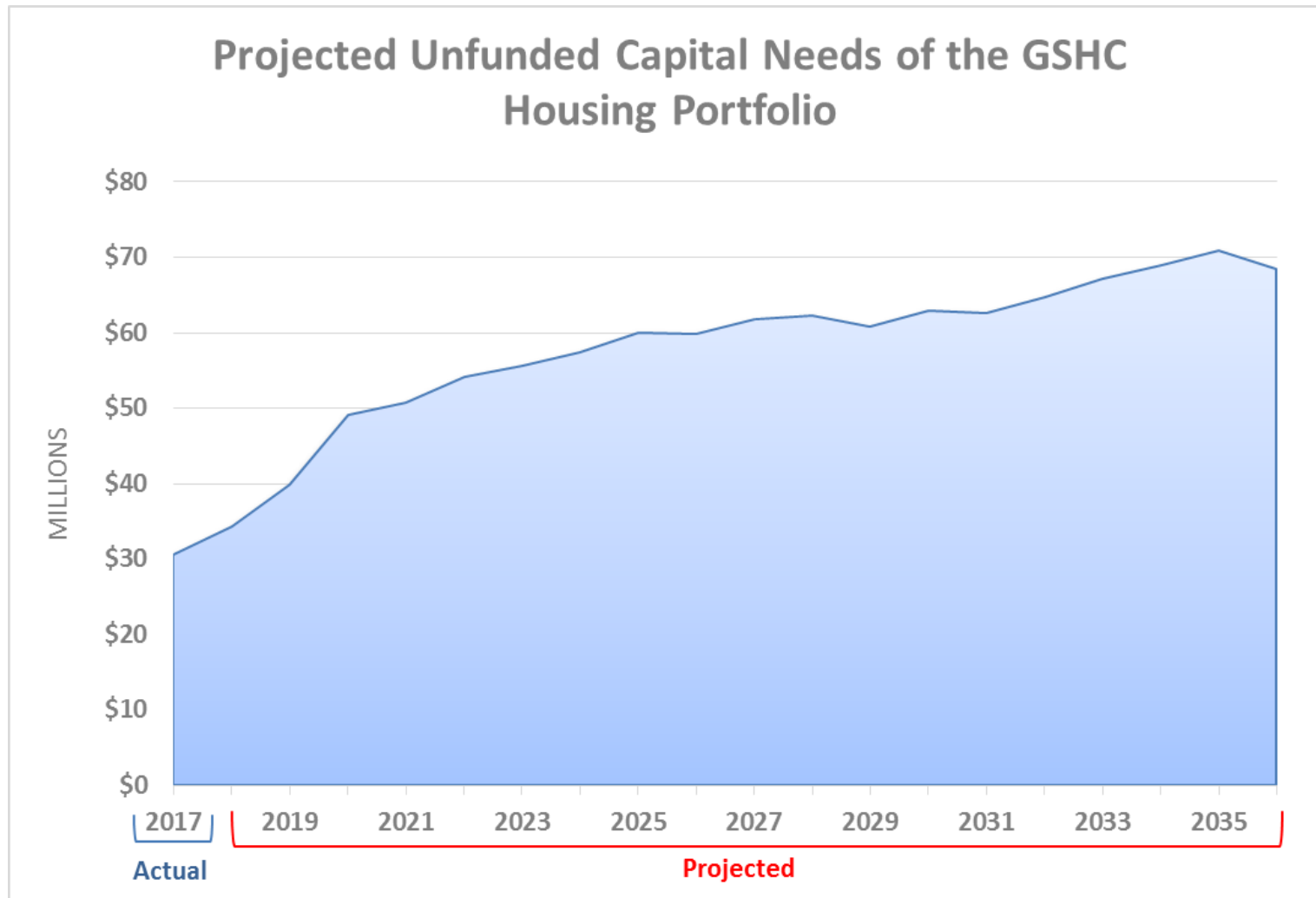
To address the entire capital need over this forecast period, the annual capital subsidy would need to increase to an average of approximately \$7.5 million. The GSHC estimates that the capital subsidy would need to increase to an annual average of \$5.8 million to maintain a Facility Condition Index of 12%, which is the target level many housing corporations in the Province hope to maintain. The GSHC notes that an annual capital subsidy of \$5.8 million would prevent the continued growth of unfunded capital work, but would not be sufficient to address the current unfunded capital backlog. The GSHC further notes that the housing stock is aging and will continue to deteriorate looking forward unless adequate capital spending is made available.

The current capital backlog is comprised of projects that are not “absolutely essential” (e.g. paint, floors, basement repairs, doors/windows, energy retrofits, property improvements, etc.), which means they are not required to be done through legislation, the building code, or pose a serious health/safety concern. Projects that are “absolutely essential” are undertaken with the capital dollars made available, which sometimes requires additional funding beyond the budgeted amount. Eventually however, projects that not currently “absolutely essential” will become essential. It is the service manager’s responsibility to address and sufficiently fund the capital needs of these assets.

In summary, even with a total projected capital expenditure of \$73.8 million to 2036, the housing portfolio would still have a sizeable capital backlog that would continue to grow each year. Eventually, non-essential capital improvements will become essential, which will require that either additional funding is made available or the housing unit(s) would have to be taken out of the portfolio. Any RGI units that are closed due to safety/suitability issues resulting from a lack of capital upkeep will have to be replaced elsewhere to maintain the legislated RGI service level standards.



Figure 4



Source: GSHC, NBLC (assumes 2017 capital subsidy from the CGS inflates 2% each year). The Estimated capital subsidy is subtracted from the total capital need as estimated by the GSHC to calculate the residual unfunded capital need of the portfolio.





Table 2

Current and Projected Capital Needs of the GSHC Portfolio			
Year	Capital Need^	Projected Funding*	Unfunded Residual Capital Need
2017	\$33,558,219	\$3,035,717	\$30,522,502
2018	\$6,867,947	\$3,096,431	\$34,294,018
2019	\$8,656,151	\$3,158,360	\$39,791,809
2020	\$12,597,832	\$3,221,527	\$49,168,114
2021	\$4,835,493	\$3,285,958	\$50,717,649
2022	\$6,809,538	\$3,351,677	\$54,175,510
2023	\$4,871,740	\$3,418,710	\$55,628,540
2024	\$5,321,711	\$3,487,085	\$57,463,166
2025	\$6,122,796	\$3,556,826	\$60,029,136
2026	\$3,414,704	\$3,627,963	\$59,815,877
2027	\$5,705,628	\$3,700,522	\$61,820,983
2028	\$4,203,746	\$3,774,533	\$62,250,196
2029	\$2,355,319	\$3,850,023	\$60,755,492
2030	\$6,072,350	\$3,927,024	\$62,900,818
2031	\$3,660,476	\$4,005,564	\$62,555,730
2032	\$6,229,965	\$4,085,675	\$64,700,020
2033	\$6,651,831	\$4,167,389	\$67,184,462
2034	\$6,094,678	\$4,250,737	\$69,028,403
2035	\$6,210,729	\$4,335,751	\$70,903,381
2036	\$2,031,846	\$4,422,466	\$68,512,760
<b>Total</b>	<b>\$142,272,699</b>	<b>\$73,759,939</b>	<b>\$68,512,760</b>
Source: GSHC, CGS, NBLC; Notes: ^2017 is current capital back log, 2018-2036 is the annual projected capital need from Asset Planner. *2017 subsidy amount is inflated annually by 2%.			

### 3.0 Key Findings

The results of this analysis indicate that the social housing costs for the City of Greater Sudbury will escalate quickly if no actions are taken. The GSHC's ongoing operating subsidy is projected to more than triple over the next twenty years, which will place increased strain on the CGS to financially support this service. Capital maintenance requirements will grow to over \$142 million by 2036. If current capital funding practices are maintained, the CGS will provide the GSHC \$73.8 million between 2017 and 2036 and still have an unfunded capital need of approximately \$68.5 million. If capital projects cannot be funded, eventually the housing will become unsuitable for occupancy and be forced to close.



The financial consequences are further compounded by the fact that all of the issues that currently plague the housing portfolio will continue to be present even with the increased financial commitment from the CGS. These issues include the mismatch between existing supply and demand, the overall financial unsustainability of the housing portfolio, inefficient/outdated utility infrastructure and building components, concentrated and/or segregated social housing, poor building/living environments, the lengthy wait list for social housing, lack of social/community services, and many others.

While revitalization efforts can be expensive when viewed in isolation, these costs must be weighed against the costs of inaction that are highlighted in this analysis. Revitalizing the housing stock will work to reverse these projected trends while also addressing many of the other issues noted above.