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Memorandum

To:	City of Greater Sudbury		
From:	N. Barry Lyon Consultants Limited		
Phone:	(416) 364-4414	Date:	July 2018
Re:	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 18th and 21st, 2018. Key elements of the consultation included:

- June 18th, 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 19th, 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 19th, 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 20th, 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 21st, 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.