



Report to the Board of Directors Greater Sudbury Housing Corporation

FROM: Barb Dubois, Director of Housing Operations

DATE: February 18, 2020

SUBJECT: Social Housing Revitalization Plan Update

The report provides an update and brings forward recommendations related to the Social Housing Revitalization Plan.

Executive Summary

The City of Greater Sudbury Social Housing Revitalization Plan contains a series of recommendations to address the key challenges related to the housing corporation's stock. This report provides an update with recommendations.

Update

Housing Services and Housing Operations staff have been working with the Real Estate, Planning, Procurement and Legal Services divisions in order to coordinate the sale of scattered units.

Staff has been working with legal and procurement in order to determine the appropriate process and ensure approvals are in place in order to be able to sell GSHC single family and semi-detached units. Legal has developed a by-law which outlines the procedures and delegates authority to staff to execute sale agreements. Approval of GSHC By-law Number 3 is an agenda item for this Board Meeting.

Staff is proposing to issue an expression of interest in order to determine if there is an interest by the development community to purchase all of the units. The approximate 140 units could be transferred in a block or blocks, and any existing tenants could be transferred with their units under a commercial rent supplement agreement. This process would generate funding for the Housing Corporation's revitalization plan that could be used to leverage a CMHC Co-investment Fund Application.

CMHC Co-Investment Fund Repair & Retrofit Stream

Housing Services and Housing Operations staff has been working with CMHC to develop an application package for the Co-Investment Fund Repair and Retrofit stream funding.

Using Amaresco Asset Planner software, Housing Operations has access to data that provides information regarding the building condition assessments of all Greater Sudbury Housing Corporation assets. With the use of this data, staff has been preparing an application package to submit to CMHC. Once the application is complete, staff will be seeking approval to submit.

CMHC Federal Land Initiative

Housing Services put forth an expression of Interest on 1310 Sparks Street, Sudbury through the Federal Lands Initiative. Prior to the federal election, Housing Services received notice that the expression of interest was successful. New Sudbury was identified in the social housing revitalization plan as one of the geographic areas that lacks subsidized housing.

Housing Services and Housing Operations have been working together on the application in order to put forward an offer to purchase the site. Staff obtained Council's approval to move forward with the purchase, and will provide an update once additional details become available.

Recommendations

In order to offset the capital needs to better align the supply and demand of social housing units and ensure that the existing social housing portfolio is sustainable; the following actions are recommended:

1. Single and semi detached units to be sold at market price with net proceeds of sale to be transferred to Social Housing Capital Reserve Fund. Upon unit vacancy, units will cease to be part of rent geared to income program and service level standards.
2. Develop a Strategic Capital Revitalization Plan by undertaking a capital strategic plan that considers the asset revitalization analysis completed in order to implement multi-year capital planning.
3. Work with senior levels of government to ensure that any funding available through various programs has been considered.

Background

At the Community Services meeting on June 19, 2017, resolution CS2017-14 approved the development of a Social Housing Portfolio and Capital Financing Plan (Revitalization Plan) to bring forward to Council in 2019.

The City of Greater Sudbury's (City) Housing and Homelessness Plan (the Plan) ensures strategies approved by Council in 2013 are in place along the full housing continuum, which facilitates citizen access to affordable housing.

The Revitalization Plan supports or aligns with the Plan with the following goals and primary objectives:

- update the information currently available regarding the physical condition of the social housing stock;
- increase the number of rent-geared-to-income and affordable housing units in the City;
- determine practical and feasible financing options for implementing the plan objectives including selling, purchasing or leveraging Greater Sudbury Housing Corporation (GSHC) properties;
- offer a wider range of housing options to fill identified gaps across the housing continuum and address local need;
- ensure housing communities are safe, healthy, age-friendly, and inclusive;
- ensure all social housing properties are sustainable – environmentally, economically and socially;
- address the key priority areas, goals and objectives of the City's Corporate Strategic Plan, the City's Housing and Homelessness Plan, the GSHC Strategic Plan, and other City policies related to social/affordable housing;
- provide an environmental scan of the physical condition of the local non-profit housing portfolio based on building condition assessments completed by the social housing providers; and
- identify threats, opportunities, and risks for the City related to the end of operating agreements with non-profit providers.

Revitalization

Contract CDD17-195, RFP for the Social Housing Portfolio Revitalization Plan was awarded to N Barry Lyon Consultants Limited.

Multiple background reports have been prepared after the research and consultation processes were completed.

They are as follows:

- End of Operating & Legislative Requirements Background Report
- Housing Demand & Supply Analysis Background Report
- Stakeholder Consultation Summary
- Social Housing Revitalization Best Practices Background Report
- GSHC Real Estate Portfolio Analysis Background Report
- Portfolio Rationalization Analysis
- Base Case Analysis – Operating & Capital Subsidy Projection
- The culmination of the above mentioned reports as well as the consultations that have been completed over the past year and a half have formed the final report entitled City of Greater Sudbury Social Housing Revitalization Plan

A review of the Housing Services entire portfolio's building envelopes was completed in 2018 and all data has been compiled and stored in Amaresco Asset Planner software. Housing Services staff and all social housing property managers have the capacity to access this data to determine their capital needs.

The Revitalization Plan outlines short, midterm and long term actions that will require Council's support.

CMHC Co-Investment Fund Repair & Retrofit Stream

The National Housing Co-Investment Fund – Housing Repair and Renewal Stream is open to:

- community housing providers (i.e. Public or private non-profit housing organizations or rental co-operatives)
- municipalities
- provinces and territories
- Indigenous governments and organizations, and
- private sector.

The following projects will be considered for funding:

- existing community and affordable housing
- urban indigenous community housing
- mixed use market / affordable rental
- shelters, and
- transitional and supportive housing.

Minimum Requirements

All projects must:

- have a minimum of 5 units/beds (including scattered units/properties)
- have primary use as residential, and
- meet minimum requirements for partnerships, financial viability, affordability, energy efficiency, and accessibility.

Partnerships

Partnerships are a central feature of the National Housing Co-Investment Fund.

Partnerships maximize investments, ensure coordination of efforts and remove barriers to the development process. Partners will be required to contribute to the project (monetary or in-kind) and the level of contribution may vary from project to project.

Projects must have support from another level of government (such as municipalities, Provinces and/or Territories, Indigenous Government) to ensure a coordination of investments. Support can be financial in nature (monetary or in-kind) or in the form of a letter demonstrating support of the project. For financial support (capital or operating), funding would need to be confirmed at the assessment stage prior to receiving a final approval from CMHC.

Financial Viability

Applicants will have to:

- demonstrate their financial and operational ability to carry the project
- provide evidence of the financial viability of the proposed project itself, and
- have the capacity to deal with development risks, such as cost over-runs and delays in construction.

Affordability

Applicants must:

- keep rents for a minimum of 30% of units below 80% of the Median Market Rental rate, and
- commit for a minimum of 20 years.

Accessibility:

Proponents will be expected to meet the minimum accessibility requirement that:

- 20% of all units within the project meet or exceed accessibility standards, and
- access to the project and its common areas is barrier free.

Energy Efficiency:

Existing projects are required to achieve a 25% decrease in energy consumption and greenhouse gas (GHG) emissions relative to past performance levels.

Urgent Repairs

For urgent repairs that are required to maintain the safety of tenants and/or viability of housing, flexibility in the minimum requirements for Energy Efficiency and Accessibility will be considered.

Examples of urgent repairs could include but are not limited to:

- balcony railings and slabs
- exterior windows and doors
- unstable cladding/siding systems
- fire safety systems
- building envelope to address water leakage, moisture, mould/bacteria problems
- structural systems including concrete, steel and wood
- leaking or failed potable and sewage water systems
- faulty heating and ventilating systems
- faulty electrical systems
- correcting flood and storm damage
- gas, water or electricity supplies, or

- elevator and lift repairs.

CMHC Federal Land Initiative

The Federal Lands Initiative is a \$200-million fund that supports the transfer of surplus federal lands and buildings to eligible proponents. The lands and buildings are available at discounted to no cost to be developed or renovated for use as affordable housing. The discount on the property will depend on the level of social outcomes achieved by the winning proposal. Once transferred, the successful proponent agrees that the property will be developed or renovated into affordable, sustainable, accessible and socially inclusive housing.

Federal government departments and Crown corporations identify property that is no longer needed. Federal property owners perform necessary due diligence on the property (Indigenous consultations, environmental/physical condition assessments), to determine whether the land and/or building(s) are suitable for use as affordable housing.

Housing providers can apply to purchase the property for an affordable housing project. Proposals are evaluated based on accessibility, affordability, environmental efficiency and community need.

Successful applications are selected and properties are sold at discounted to no cost. Cost is based on the project's social outcomes, proponent experience and project proposed. Agreements are signed to ensure the property is developed and maintained as affordable housing for no less than 25 years.

Housing Services put forth an expression of Interest on 1310 Sparks Street, Sudbury through this initiative. Prior to the federal election, Housing Services received notice that the expression of interest was successful. Work on the file could not proceed until after the federal election. Housing Services and Housing Operations have been working on the application in order to put forward an offer to purchase the property. Housing Services received Council's approval to move forward with the purchase.

New Sudbury was identified as one of the geographic areas within the social housing revitalization plan that lacks subsidized housing.