

**The Kawartha Lakes-Haliburton Housing Corporation
(KLH Housing Corp)**

New Communities through Leveraging Older Homes – Part 3

**Phase 2 – Bond Street East Lindsay
&
Phase 2 – Lindsay Street North Lindsay**

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Executive Summary

The Kawartha Lakes-Haliburton Housing Corporation (KLH) wishes to continue with its successful regeneration of its older single and semi-detached homes. This, Part 3, will complete KLH's plans to sell and leverage a total of 64 older homes. Part 1, completed in 2015 at Devan Court in Lindsay created 29 new units from 18 home sales and Part 2, which will be completed this year at 5 Bond Street East and 48 St Paul Street, both in Lindsay, will create 38 new units from 19 home sales. Part 3 contemplates 40 new units through 27 home sales completed by 2021.

The model proposes a mix of rents that will benefit a range of tenancies including a minimum of 27 units based on a rent geared to income model. It also anticipates that any units with rents at or below 100% of the average market rent for the area will benefit from municipal incentives through the City's Municipal Housing Facilities Bylaw and Affordable Housing Framework. This will assist to reduce upfront capital costs (rezoning application fees, building permit fees, development charges, parkland dedication fees, exemption for site plan securities, etc).

The strengths of KLH's business plan for the proposed Part 3 include:

- Primarily financed through the sale of existing older, less energy efficient and lacking accessibility feature, KLH homes;
- Energy efficient, renewal energy and barrier free design options;
- Opportunities for partnerships with community organizations providing support services; and
- Partnership between the City and KLH assisting both to meet their goals of increasing the new supply of affordable housing in both the City's Strategic Plan and the 10 Year Housing & Homelessness Plan.

Introduction

Kawartha Lakes-Haliburton Housing Corporation (KLH)

The City of Kawartha Lakes is the municipal Service Manager (SM) responsible for the administration of approximately 1,100 units of affordable housing located within the communities of Lindsay, Bobcaygeon, Fenelon Falls, Omemee, Haliburton, Wilberforce and Minden. The housing includes multi-residential, semi-detached and single detached dwellings. As the SM, the City oversees six housing corporations under the *Housing Services Act* (HSA) and three housing corporations under Municipal Housing Facility Agreements. These providers include the Kawartha Lakes-Haliburton Housing Corporation.

The Kawartha Lakes-Haliburton Housing Corporation (KLH) is the largest of the nine housing corporations, the City of Kawartha Lakes being its sole shareholder. KLH was one of forty seven housing corporations formed in 2001 following the provincial transfer of social housing to municipalities (SM). The province created KLH within the Business Corporation Act and then transferred the former provincially owned housing to that Corporation. KLH operates under a governance board model. The Board composition includes 3 council representatives (2 from CKL and 1 from the County) and 6 individuals from the geographical area. Directors serve 4 year terms with the option of serving two 4 year terms before retiring from the board. KLH does not employ staff but rather purchases services through the City. The CEO is the only direct report to the Board with the CEO role falling within the City position of Administrator/Manager of Housing.

KLH currently owns 705 units of housing (with another 64 under development) including:

- market rent units (100% or more of the average for the area)
- affordable rental units (80% of the average for the area)
- rent geared to income (RGI) units (not to exceed 30% of the tenants gross income)

While the HSA permits housing providers such as the KLH to sell housing units after first receiving consent from the SM, the law requires that the number of RGI households not be reduced.

Consistent with communities across Ontario, the City of Kawartha Lakes has a limited supply of decent, affordable housing available to low and moderate-income households. The significant majority of the new housing development occurring in the community is targeted to the ownership market and regrettably is priced well beyond the affordability threshold of most low and moderate-income households.

KLH continues to play an active role in finding creative solutions to increase rental housing and to maintain the number of rent geared to income units within its portfolio as illustrated in Table 1.

Table 1 Summary of New Development by KLH

Occupancy Year	Location	Total # of Units	# Replacing Sales	Net New Units
2013	Haliburton (WP Phase 1)	24	0	24
2015	Lindsay (Devan Court)	29	18	11
2017	Minden (Pinegrove Place)	12	0	12
2018	Lindsay (Flynn Gardens)	16	10	6
2018	Lindsay (Bond by the River)	12	9	3
2019	Lindsay (68 Lindsay Street North)	24	0	24
2019	Haliburton (WP Phase 2)	12	0	12
		129	37	92

KLHs Regeneration Focus

Since 2007, KLH has explored the feasibility and developed business plans to sell some, or all of their 16 single detached and 48 semi-detached units that are older, lack accessibility features and are less energy efficient. KLH would then reinvest the proceeds into new, more efficient multi-residential affordable housing in Lindsay, with the goal of increasing the overall supply of rental housing within the community.

Throughout 2013-2017, KLH sold 37 existing KLH homes in Lindsay (four of which were purchased by existing KLH tenants) and leveraged the proceeds to create 57 new units.

Part 1 included:

- a 29 unit new community at 1 Devan Court in Lindsay consisting of townhomes and stacked apartments
- 13-3 bedrooms, 2-2 bedrooms and 14-1 bedrooms
- 22 rented on a RGI model (18 provided through the City's rent supplement and 4 provided through the Ministry of Health)
- 7 rented at 80% of average market rent with a housing allowance available to tenants with incomes too low to afford the 80%
- a portion of the property was sold to Habitat on which they will create 5 affordable homeownership homes

Part 2 included:

- a 12 unit new community at 5 Bond East in Lindsay consisting of townhomes
 - 12-3 bedrooms
 - 9 rented on a RGI model (through a City rent supplement agreement)
 - 3 rented at 80% of average market rent with a housing allowance available to tenants with incomes too low to afford the 80%
- A 16 unit addition to 48 St Paul Street in Lindsay consisting of apartments
 - 9-1 bedrooms, 7-2 bedrooms
 - 10 rented on a RGI model (through a City rent supplement agreement)
 - 6 rented at 80% of average market rent with a housing allowance available to tenants with incomes too low to afford the 80%

Part 1 and 2 have provided a successful template for future regeneration initiatives.

The next and final Part for the older homes, Part 3, will use revenue from 27 sales to create 40 new units. KLH is proposing to create these new units through two new developments, in Lindsay, through partnerships with the City of Kawartha Lakes.

Part 3 will include:

- Phase 2 – Bond Street East (portion of Shaft Park) - In discussion with Community Services, an opportunity to utilize a portion of Shaft Park for housing purposes was realized. This presented a favorable site for KLH being adjacent to the new development at 5 Bond Street East. Part of the 5 Bond Street project included KLH bringing Bond Street East to a municipal standard. By including another development on that road, ensures that KLH will see an improved benefit helping to justify the road construction cost to the project. With the City's donation of a portion of Shaft adjacent to Bond Street East, KLH would be able to develop a new 16 unit community consisting of townhomes and stacked apartments.
- Phase 2 – Lindsay Street North (more northerly portion of 68 Lindsay St N) - A portion of the property being utilized for new Human Services Offices and 24 units of affordable housing for the homeless population will remain undeveloped. KLH would develop the property, through a lease, while the City retained ownership. While the City could chose to donate that portion of land, like suggested for Shaft Park, the lease model would be consistent with the 24 units currently under construction. KLH would be able to develop a new 24 apartment building with amenity space on the ground floor for services and programming needs of the tenants who will occupy the units.

Housing Needs

Vacancy Rates

Statistics compiled by CMHC and published in its Fall 2017 *Rental Market Report*, reveal that vacancy rates across apartment types for the City of Kawartha Lakes remain below the 1% figure considered to be an unacceptable balance between the supply and demand (Table 2). This low vacancy rate and overall lack of supply is experienced daily as households try to locate a rental opportunity.

Table 2 Vacancy Rates

Private Apartment Vacancy Rates (%) by Bedroom Type - Ontario –Kawartha Lakes (Non-CMA Centers)								
Centre	1-Bedroom		2-Bedroom		3-Bedroom		TOTAL	
	Oct 2016	Oct 2017	Oct 2016	Oct 2017	Oct 2016	Oct 2017	Oct 2016	Oct 2017
Kawartha Lakes CA	0.4	0.6	0.3	0.9	0.0	0.0	0.3	0.8
Ontario 10,000+	2.0	1.6	2.1	1.6	2.7	1.8	2.1	1.6

Source: CMHC Rental Market Report, Ontario (Fall 2017)

Average Rents

Average rents for purpose built rental units in Kawartha Lakes are increasing regularly, as an example they rose from \$938 in 2015 to \$996 in 2017. A lack of supply and low vacancy rate contributes to increasing rents with landlords able to raise rents and still have significant interest. Table 3 shows Kawartha Lakes average rents below average rents in Ontario; however they remain out of reach for moderate to low income households. In 2016, 51.6% of all renters in Kawartha Lakes were facing housing affordability challenges (spending 30% or more on housing costs).

Table 3 Average Rents

Private Apartment Average Rents (\$) by Bedroom Type - Ontario – Kawartha Lakes								
Centre	1-Bedroom		2-Bedroom		3-Bedroom+		Total	
	Oct 2016	Oct 2017	Oct 2016	Oct 2017	Oct 2016	Oct 2017	Oct 2016	Oct 2017
Kawartha Lakes CA	847	871	1,101	1,075	1,239	1,246	987	996
Ontario 10,000+	995	1,044	1,154	1,208	1,407	1,450	1,089	1,140

The average Kawartha Lakes rent amounts exceed what a typical household earning minimum wage or receiving benefits under Ontario Works (OW), or Ontario Disability Support Program (ODSP) could afford to pay in rent. Table 4 shows the 2018 shelter rates for households receiving OW and ODSP.

Table 4 2018 Shelter Rates

Ontario Works and ODSP Shelter Rates		
Case Type	OW	ODSP
Single	\$384	\$489
Couple	\$632	\$769
Single Parent + 1 child	\$632	\$769
Single Parent + 2 children	\$686	\$833
Couple + 1 child	\$686	\$833
Couple + 2 children	\$744	\$904

Financially Assisted Waiting Lists

There are a total of 1,142 subsidized housing units in Kawartha Lakes and Haliburton (726 units in Lindsay, 181 units in the rest of CKL and 235 in the County). Information from the City’s Housing Help Division shows that as of December 31st, 2017 there were 1,375 households waiting for one of those units (491 senior households, 311 households with dependents and 573 households without dependents). In 2017 only 80 of the 1,142 units vacated. Average wait times range from 3-5 years.

Table 5 breaks down households waiting for a one, two or three bedroom unit and also by seniors since these are the sizes and types of housing being proposed. It has been broken down to show Lindsay separate from the rest of the City and from the County. It is important to realize that some households may be double counted below; for example a household may have selected a unit that is in Lindsay as well as a unit in Omemee or a unit in Minden. The senior households in the last column would have also been counted primarily in the 1 bedroom column as well. They have been separated to show that populations needs specifically. Units are assigned based on occupancy standards where a single or couple would only qualify for a one bedroom whereas a couple with two children would qualify for either a two or three bedroom.

Table 5 Waiting List

Waiting List as of December 31, 2017				
	1 bedroom	2 bedroom	3 bedroom	Seniors
Lindsay Only	743	197	129	335
Rest of CKL Only	318	10	0*	156
County Only	357	51	49	199
Totals	1,418	258	178	690

*there are currently no 3 bedroom units in the rest of CKL therefore no waiting list

Data in Table 5 indicates the need for housing for all types of households in the SM area. However, Lindsay is the location of choice for the redevelopment of single and family housing. The need for housing for all housing types is significantly greater in Lindsay than in other parts of the SM area. Further, it would be difficult to justify

reducing the number of affordable housing units (through the sale of the 27 existing KLH homes) in Lindsay given the strong need in that area.

While the City of Kawartha Lakes has been successful in accessing and delivering new affordable housing funding and rent assistance dollars available from the Federal and Provincial governments in the past few years, there continues to be a significant need for affordable housing in the Kawartha Lakes - Haliburton SM Area due to:

- gaps between social assistance shelter allowance rates/basic seniors pensions/minimum wage earnings and average rents;
- low vacancy rates; and
- limited multi-residential housing, which is generally more affordable, being built by the private sector.

Therefore KLH, in partnership with governments and community organizations, continues to look for innovative ways to enhance and expand the supply of affordable housing.

Sale of Existing Homes

Rational

In 2007, staff carried out an inventory assessment and building audit of all KLH housing stock, including its detached and semi-detached stock. Of these, 16 are single detached and 48 are semi-detached units as described in Table 6 below, with an average age of 50 years.

Table 6 Detached and Semi-Detached

Number of detached and semi-detached units by bedroom count					
	2-bedroom	3-bedroom	4-bedroom	5-bedroom	Total
Single detached units	2	14	0	0	16 units
Semi-detached units	10	24	10	4	48 units

Several key considerations were examined in determining the feasibility of selling the scattered housing units:

- The upgrades needed to the units if remaining in the portfolio;
- The amount of revenue the scattered homes could potentially provide if they were sold;
- The ability of tenants to purchase the home in which they live; and
- Maintaining service level standards under the Housing Services Act (HSA).

As stated earlier, the target stock is averaging 50 years. Over the next five years, it was estimated that \$16,000 per unit would be needed to carry out capital improvements (e.g., roofing, flooring, foundations, plumbing and electrical upgrades). It should be noted that none of the units under consideration for sale have any accessible features,

nor would they be able to be added easily. There is concern about the potential costs to KLH that might be generated by the Accessibility for Ontarians with Disabilities Act, Built Environment Standard. It may better for KLH to focus on creating new accessible housing rather than undertaking costly renovations of existing homes which are over 50 years old.

To get a more precise value of the homes to be sold a professional appraisal reviewed a selection of KLH single and semi-detached properties in 2012 and again in 2015. The value of the units was assessed between \$145,000 to \$170,000. However, due to market conditions, average sale prices have increased.

Average Sales for Part 1 & 2

Table 7 reflects average sale prices of the 37 homes sold to finance Part 1 & 2 regeneration projects.

**Table 7 Average Sale Prices Part 1&2
Home Sales between 2014-17**

Year	Number Sold	Average Sale
2014	7	\$155,714
2015	18	\$155,444
2016	7	\$187,849
2017	4	\$232,250

Addresses of 37 Homes Sold for Part 1 & 2

52, 64 and 66 St David Street
 108 Short Avenue and 67 Colborne Street East
 18, 20, 22, 26, 28, 30, 32, 34, 36, 40 and 46 Northlin Park Road
 3, 39, 46, 47, 49, 50 and 57 Maryknoll Avenue
 16 & 20 Logie Street
 134,140, 144 and 146 King Street
 12, 20, 22 and 24 Westwood Court
 2, 4 and 6.5 Kawartha Drive
 145 Queen Street

Addresses of 27 Homes to Sell for Part 3

58 St David Street
 16, 24, 38, 42 and 44 Northlin Park Road
 1, 41, 43, 45, 48, 51, 52, 53 and 55 Maryknoll Avenue
 14 and 18 Logie Street
 124, 130, 142 & 154 King Street
 10, 14, 16 and 18 Westwood Court
 6 Kawartha Drive
 143 Queen Street

Requirement to Meet Service Level Standards (SLS)

When the Province transferred social housing responsibilities to municipal governments, there were a significant number of provincial rules regarding the administration of this housing as set out under the previous Social Housing Reform Act (SHRA), now the Housing Services Act (HSA). One such feature is the establishment of Service Level Standards (SLS) for each SM area. The SLS identify both the number of households in significant housing need who must be housed in the existing social housing stock and setting out the maximum income levels for those in need. This means that for each Service Manager area, there are a required number of households that are assisted under Regulation 370/11 of the Act. This regulation sets out for each service manager area:

- (a) The prescribed number of households whose income is not greater than the household income limit prescribed for the service area; and
- (b) The prescribed number of high-need households.

The household income levels and high need levels by bedroom for the City of Kawartha Lakes are indicated below in Table 8 and Table 9 respectively.

Table 8 Household Income Limits

Household Income Limits under HSA			
1-bedroom	2-bedroom	3-bedroom	4+-bedroom
\$31,000	\$37,500	\$43,000	\$51,500

Table 9 High Need Levels

High Need under HSA			
1-bedroom	2-bedroom	3-bedroom	4+-bedroom
\$18,600	\$22,500	\$25,800	\$30,900

As stated in Regulation 367/11, Schedule 4 of the HSA, there are to be 871 households in the City of Kawartha Lakes whose income level is no greater than the household income limits above and of those at least 522 are to be high need households.

In summary, the City of Kawartha Lakes must ensure that all households' incomes are at or below the household income limit upon initial occupancy. The single and semi units are all 100% RGI units. However at a certain point as the households situation improves and their income increases, it only does so to a market rent established for the type of unit. As the units are all RGI should the income change for these households, their rent will change accordingly.

Table 10 2018 Market Rents

KLH 2018 Market Rents in Single/Semis		
2-bedroom	3-bedroom	4+-bedroom
\$1,091	\$1,281	\$1,281

The Ministry of Municipal Affairs and Housing (MMAH) has been very supportive of KLH’s regeneration initiative. MMAH has shared the KLH initiative as a successful model including connecting other housing providers/municipalities with KLH to review the model and including the model as a best practice in a 2014 publication.

Replacement Rational

KLH is well underway in a multi-year initiative to use single and semi-detached homes in a creative way. Both KLH and the City of Kawartha Lakes have endorsed the goal of selling off all of the homes, through various Parts, with the objective of not only replacing the number of homes but also to increase the number of KLH affordable homes. There are the additional benefits of the new housing stock being both accessible as well as more energy efficient than the homes being sold.

An important decision resulting from the sale of the homes is whether the replacement units should all be located in the community of Lindsay (as all of the homes being sold are located in Lindsay) and whether all of three bedroom family units must be replaced with new three bedroom homes.

It is worth noting that there is approximately the same number of two bedroom family households on the waiting list as there are three and four bedroom households combined. Therefore it seems reasonable to replace some of the homes being sold with a mixture of both two bedroom and three bedroom units.

Part 1 and Part 2 sales (37) replace 2 and 3 bedroom units as well as add 1 bedroom units as will Part 3. The results of all three Parts are illustrated in Table 11.

Table 11 Number of Units by Bedroom Size

Number of Units by Bedrooms Size											
1 bedroom		2 bedroom		3 bedroom		4 bedroom		5 bedroom		Total	
Sold	New	Sold	New	Sold	New	Sold	New	Sold	New	Sold	New
0	53	12	13	38	31	10	0	4	0	64	97

Given that more than half of the households on the waiting list are looking for housing in Lindsay, the sale of homes in Lindsay should not result in a decrease in the number of units in Lindsay.

Similarly, given the large percentage of the households on the City of Kawartha Lakes waiting list are single or couple households, it is reasonable that a significant portion of the additional housing created due to leveraging of the homes be used to create one bedroom apartments which have the longest wait times (typically a 5 year wait for applicants). Since there are a high percentage of seniors, it is also reasonable to create some units specifically for seniors.

In addition to reflecting on the needs of the current waiting list, the changes in household size in Lindsay from 2006 to 2016 support the creation of smaller units. In 2006 the census data reflected 2,645 one person households increasing to 3,130 one person households in 2016. Between 2006 and 2016, both 3 person households and 4 or more person households decreased. 3 person households decreased by 175 and 4 or more decreased by 165 households.

Tenant Relocation

The homes sold for Part 1 and Part 2 (37 homes in total) were identified through two approaches:

1. If the tenant had the ability to purchase the home they were living in (secure their own mortgage) they were provided with the sale price (based on the last sale or the current market value less the 3.5% real estate fees). In some cases these tenants were also eligible to receive down payment assistance through the City's Homeownership program funding (with the City giving them priority over other applicants and if funding was available at the time); and
2. At the time of vacant possession through a notice from the tenant that they were moving, through a mandatory transfer (over housed or through a mediated agreement) or when an eviction occurred.

The decision during Part 1 & 2 was that tenants would not be asked to relocate to a KLH unit (including new units) of the same size and type in order for a sale to occur. There are two options available that support the relocation approach; a notice where the landlord and tenant mutually agree or a notice with at least 60 days' notice at the end of a month. Tenants in this situation would always be offered a transfer to another KLH unit. KLH will use this approach in addition to the two approaches used in Part 1 and Part 2. It will allow KLH to have access and sell some of the units more quickly and while the real estate market is attractive in order to leverage more revenue toward the new developments.

The remaining 27 homes to be sold to leverage Part 3, will be identified through the following tenant relocation plan:

1. Tenants will be relocated to other KLH units (including the newly constructed units) of the same size and type. In most cases tenants will be relocated and vacant possession will be obtained prior to listing the home for sale. Tenants being relocated will be offered moving assistance through KLH.
2. Tenants who are able to purchase the home they are currently renting from KLH will receive priority to Homeownership program funds through the City (if and when available) with access to \$50,000 in down payment assistance. Homes will be sold to the tenants in accordance with the KLH Property Disposition Policy.
3. Homes vacated by tenants who provide notice they are leaving, are required to move through transfer or mediated agreement or who are evicted will be sold when vacant possession is obtained and the unit has been restored.

Part 3 - Proposed Development Sites and Target Market

Phase 2 – Bond Street East Lindsay (see Figure 2 & 3)

The Bond Street site would sever and rezone a portion of Shaft Park (approximately .6 of an acre) adjacent to Bond Street East. The proposed three storey townhouse and stacked apartment model would include 16 units in total. The eleven units sold to finance this site will need to be replaced within the site under a rent geared to income model in order to continue to meet the SLS. In the same fashion as Devan, 5 Bond and 48 St Paul (Part 1 & 2 Regeneration) a rent supplement agreement between KLH and the City through 100% municipal funding will allow KLH to provide the RGI model to the tenant. The breakdown of Bond will include:

Table 12 Bond Street East RGI/Market Rent Breakdown

Bedroom Size	Total Number of Units	Rent Supplement (RGI model)	100% Average Market Rent
1 bedroom	6	4	2
2 bedroom	4	3	1
3 bedroom	6	4	2
	16	11	5

Phase 2 – Lindsay Street North Lindsay (see Figure 4 & 5)

The Lindsay Street North site would include a second building on the more northerly portion where the new Human Services/Affordable Housing build is currently under construction. It is proposed to include a three storey apartment building, for seniors with 24 units in total. The 24 units would encompass the 2nd and 3rd floors while the ground floor would include “commercial” space for programming and services for seniors. This programming and service would be provided through partnerships that KLH creates or expands with other community partners/agencies that specialize in these services or programming. The 16 units sold to finance this site will need to be replaced within the site under a rent geared to income model. As recommended above for Bond Street, this will be completed through a rent supplement agreement with the City. Like the adjacent building, the City and KLH will enter into a 40 year lease with KLH providing a portion of its revenue from the sub-tenants back to the City as a contribution toward debenture payments/operating expenses. The breakdown of Lindsay North will include:

Table 13 Lindsay Street North RGI/Market Rent Breakdown

Bedroom Size	Total Number of Units	RGI model	100% Average Market Rent
1 bedroom	24	16	8

Part 3 - Feasibility and Potential Benefits and Risks

Phase 2 – Bond Street – Capital Costs, Financial Contributions & Long Term Debt

The estimated all in capital cost of developing the 16 unit, 3 storey building is \$4.6 million. The construction costs are based on \$185 per square foot based on the most recent Altus construction cost guide (2018) for a 3 storey wood frame residential townhouse structure, within the GTA. A \$10 per square foot premium considering the construction timing is into the future has been included. Re-investing the funds generated by the sale of single/semi-detached homes (estimated at \$2.2 million in total) would offer the opportunity to create an increased number of rental housing units. By applying the proceeds from the sale of 11 single/semi-detached units, there will be a net gain of 5 units. Along with the sale revenue, KLH would contribute \$100,000 in reserves. KLH would also apply for other programs such as CMHC's Seed Funding program and/or the National Housing Co-Investment Fund. The target market outlined earlier and in Table 12 support a viable operating model was a debt ratio of 1.01. This scenario results in long term financing of just under \$2 million or 43% financed (based on a 30 year amortization).

The financial model anticipates the following municipal incentives and support, the majority of which the City has provided to KLH on multiple occasions in the past and of which the new Affordable Housing Framework supports.

- The portion of Shaft Park land provided at no cost
- Application fees and costs associated with rezoning the portion of land
- Site Plan application fees and the requirement to provide a security waived
- Development Charges
- Building Permit Fees
- Relief from Parkland Levy, servicing connection fees, DAAP fees, and any other fees or charges imposed or controlled by the City related to the new developments
- Debenture secured by the City, repaid by KLH
- Cash flow throughout development and construction, as needed

Phase 2 – Lindsay Street North Lindsay – Capital Costs, Financial Contributions & Long Term Debt

The estimated all in capital cost of developing the 24 unit, 3 storey building is \$9.6 million. The construction costs are based on \$245 per square foot based on the most recent Altus construction cost guide (2018) for a Class B office building (under 5 stories with surface parking), within the GTA. This was used due to the commercial/residential nature of the proposed build. The building will match the adjacent build and include the same net zero target with both solar and geothermal. Re-investing the funds generated by the sale of single/semi-detached homes (estimated at \$3.2 million in total) would offer the opportunity to create an increased number of rental housing units. By applying the proceeds from the sale of 16 single/semi-detached units, there will be a net gain of 8 units. Along with the sale revenue, KLH would contribute \$100,000 in reserves. KLH would also apply for CMHC's Seed Funding program and/or the National Housing Co-

Investment Fund. The target market outlined earlier and in Table 13 support an annual lease payment of approximately \$230,000.

The financial model anticipates the following municipal incentives and support, the majority of which the City has provided to KLH on multiple occasions now and of which the Affordable Housing Framework supports.

- A 40 year lease, as a schedule to the 68 Lindsay Street building
- Assistance to prepare and submit applications for Brownfield remediation funding
- Assistance to prepare and submit Record of Site condition to the Ministry of the Environment
- Relief from tipping fees related to any remediation of the site not secured through remediation funding
- Simplified site plan process without a formal site plan, similar to the 68 Lindsay Street model
- Development Charges
- Building Permit Fees
- Relief from Parkland Levy, servicing connection fees, DAAP fees, or any other fees and charges controlled or imposed by the City related to the new developments
- Debenture secured by the City, repaid through annual lease payments
- Cash flow throughout development and construction, as needed

Proposed Rents

The proposed rents will include both affordable (80% of CMHC average) and market (CMHC average). The most current CMHC average market rents (AMR) available are from the fall 2017 report. The proposed rents, based on the fall 2017 report, are reflected in Table 3. However, they will be adjusted at the time of occupancy to reflect the current market conditions.

Benefits to the City

Certainly the most visible benefit to the City would be the addition of 40 new affordable and market rental units, an objective of the City's strategic plan. The two developments will assist in revitalization of the neighborhood and repurposing of a portion of parkland no longer needed (see Figure 1). It will add well maintained, safe and affordable, mixed tenure rental housing to the community. It will also contribute in assisting to help find at least another 13 households on the City's waiting list affordable housing and it will provide a better housing option for 27 existing.

Financially the City will see the following:

1. Increased property tax revenue from the development at Shaft Park
2. KLH's operating and capital subsidy request to the City will decrease by approximately \$250,000 realizing the expenses that will not be needed for the 27 older units
3. Rent supplement expenses annually for the 27 replacement RGI units of approximately \$100,000

Marketing Risks

The affordable units will be made available to low-moderate income singles, couples, families or seniors from the City’s centralized list or the City’s homeless by name list at rents based on a rent geared to income model through the rent supplement agreement (the market rent will never exceed 80% of the CMHC AMR). With numerous households on the waiting lists, KLH is confident there will be rapid take up of the units. Some will likely be filled with existing KLH tenants living in the singles and semis to be sold who would relocate to one of these two new locations. With very little market rental available the new units at the CMHC average market rent will also be attractive in the community. There is confidence that the market units will also see a rapid take up. KLH does have other market units and a waiting list of 39 households.

Part 3 - Timeline

A project such as this would offer the positive steps of transforming a portion of KLH’s stock into new energy efficient, low maintenance accessible residential units while potentially supporting the transition of a few of the existing residents from tenants into homeowners.

Table 14 provides a description of the high level next steps and the approximate timing. More detailed project schedules would be created following approval by City Council in June.

Table 14 High Level Next Steps

Description	Timeline
KLH adopts the Part 3 Regeneration business plan and submits to the City	March 2018
CKL Land Management Committee supports land considerations	April 2018
City Council approves the land donation, land lease and other municipal incentives and supports outlined in the business plan	June 2018
Formal Pre-consultation process with the City on the two sites (informal discussions occurred with Community Services and Planning informing Figures 1-5)	July-August 2018
Rezoning for Phase 2 Bond begins	September 2018 (could take approximately 1 year to complete)
Phase 1 & 2 ESA, Funding Applications and Remediation of Phase 2 Lindsay Street begins	September 2018 (could take approximately 1 year to complete)
Record of Site Condition filed and approved following successful remediation	September 2019 (could take approximately 6 months to receive)
Site Plan and Building Permit	Fall/Winter 2019

Description	Timeline
Construction Tenders	Late 2019, Early 2020
Construction	2020-2021 (approximately 12-14 months)
Occupancy	Spring/Summer 2021

Throughout, there will continue to be the sale of the balance of the 27 existing KLH homes in order to provide the necessary equity for these two developments. While it is expected that most, if not all, of the 27 existing homes will be sold by the time of occupancy of these two new developments, if there is the delay in the timing of the sales, as mentioned above, the City of Kawartha Lakes will be able to provide a short term cash flow loan to KLH until the 27 sales are complete.

The Team

Kawartha Lakes-Haliburton Housing Corporation (KLH)

KLH operates as a separate corporation from the SM under the *Business Corporation Act*, though the City of Kawartha Lakes is its sole shareholder. KLH is governed by its own Board of Directors. KLH’s mission is to provide a variety of good quality, safe, accessible, sustainable and affordable housing options for households in the City of Kawartha Lakes and the County of Haliburton, with a priority focus on low income, the homeless and people with special needs. The project will require KLH staff resources throughout for various responsibilities related to development and project coordination, as well as communicating with KLH tenants who may be purchasing their homes or possibly moving to the new developments.

Real Estate Broker

As with Part 1 and 2, KLH will require real estate services in order to assist with the marketing and sale of the 27 homes. In accordance with the KLH Property Disposition Policy KLH will engage the real estate services by conducting an Expression of Interest. The properties will be marketed through the MLS system.

Development Consultant

KLH will engage the services of a development consultant to assist with project coordination, funding applications, to lead the municipal planning approval, etc.

Architectural Firm

Ron Awde Architects have been engaged to assist KLH in creating conceptual drawings as seen in Figures 1-5. No decision has been made at this time for the architectural and other consultants required for the development phase. An architect with experience in the design of multi-residential developments will be selected and will be required to

include the other consultants needed such as civil, engineering, electrical and mechanical.

Construction Firm

No Decision has been made at this time. A firm with experience in the construction of multi-residential developments will be selected through a competitive process.

Property Management

KLH will use their existing property management expertise to manage the proposed rental units.

Conclusion

Given the housing demands in Kawartha Lakes in terms of increasing rents and decreasing vacancy rates, this new development is a good opportunity to enhance and expand the supply of affordable and market rental housing in Lindsay. In keeping with the City of Kawartha Lakes' planning objectives, this project contributes to the "provision of a wide range of residential types and tenures to ensure access to all segments of the population" (Official Plan Environmental Action Plan). It's also assists the City in meeting goals and objectives of the Strategic Plan, the 10 Year Housing and Homelessness Plan and the Affordable Housing Framework. It presents KLH with the opportunity to help create a mixed income community of rental housing meeting its vision, mission and goals. Existing tenants will have the opportunity to purchase their current semi-detached or detached home or move to a new energy efficient, low maintenance accessible residential unit.

Figure 1



Proposed Housing Units
Bond Street Phase 2 and Lindsay Street Phase 2
February 28, 2018



Figure 3



East Elevation
scale 1:100



West Elevation
scale 1:100



Proposed Housing Units
Bond Street Phase 2
February 27, 2020



Figure 5



West Elevation
Scale: 1:200



East Elevation
Scale: 1:200



Proposed Housing Units
Lindsay Street Phase 2
February 27, 2020

