

The Corporation of the City of Kawartha Lakes

Committee of the Whole Report

Report Number HH2019-005

Date: February 12, 2019

Time: 1:00 p.m.

Place: Council Chambers

Ward Community Identifier: Ward 3

Title: KLH Housing – Fenelon Housing Project

Description: New 30 unit rental housing development at 106 Murray Street

Author and Title: Hope Lee, Administrator/Manager of Housing

Recommendation(s):

That Report HH2019-005, KLH Housing – Fenelon Housing Project, be received;

That subject to the necessary by-laws and agreements being forwarded to council for approval, and the successful completion of such planning and development processes as the City may require, the proposal outlined in HH2019-005 by the Kawartha Lakes Haliburton Housing Corporation (KLH Housing Corp) to develop thirty (30) new rental housing units at 106 Murray Street in Fenelon Falls, be approved;

That the completion of financing for cash flow and borrowing facilities in the City's own name, with City then lending the funds to KLH Housing Corp for the new development as outlined in Report HH2019-005, be approved;

That the in kind municipal incentives proposed in Report HH2019-005 to support the development of the thirty (30) new units, be approved;

That the City's Chief Administrative Officer be authorized to approve relief from any of the required fees and charges as in kind support, needed to implement the new development; and

That this recommendation be brought forward to Council for consideration at the next Regular Council Meeting

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

There is a strong demand for purpose built rental housing in the City of Kawartha Lakes that caters to households needing a range of different sized units including one, two and three bedroom. To assist in meeting some of this demand, Kawartha Lakes-Haliburton Housing Corporation (KLH Housing Corp) is proposing the development of a 30 unit apartment building consisting of one, two and three bedroom units within a mixed income model (affordable, market and above market). These apartments would be appropriate for seniors, singles, couples and families.

KLH Housing is an experienced housing provider (with the City of Kawartha Lakes as its sole shareholder) operating just over 700 units of housing in both the City and the County. For the past several years, KLH Housing has been developing new housing in response to long waiting list for financially assisted units and the overall need for purpose built market rental housing. This theme has been evident within KLH Housing's strategic planning and also helps to meet the City to meet different housing goals and objectives they have.

The proposed development at 106 Murray Street in Fenelon Falls will create:

- 14 one-bedroom apartments with rents ranging between 80-120% of average market rent (AMR) or approximately \$700-\$1,050 at 2019 AMR;
- 14 two-bedroom apartments with rents between 80-120% AMR or approximately \$850-1,250 at 2019 AMR; and
- 2 three-bedroom apartments with rents between 80-100% AMR or approximately \$1,000-1,200 at 2019 AMR.

The development will be financially supported primarily through a KLH Housing Corp reserve contribution and a debenture. The mixed income model permits the above market rental income to help support the affordable and market rent units. An application will be made to the National Housing Strategy's Co-Investment Fund in anticipation of an approximately \$1.2 million contribution. The project has already received CMHC Seed Funding in the amount of \$60,000 to assist with environmental assessments, drawings and specifications.

The units at or below 100% AMR would be affordable under the City's Affordable Housing Framework and Municipal Housing Facility by-law. As such, they would qualify for in-kind City financial support toward construction costing including but not limited to:

- Rezoning fees
- Site Plan fees and security requirements
- Parkland levy
- Development Application Approval Processing (DAAP) fees
- Service connection fees or charges

- Building permit fees
- Development charges

Once all the in kind incentives are calculated, the City will enter into a project specific municipal housing facilities by-law and agreement with the value of these incentives registered on title. Should KLH Housing Corp not continue to meet the requirements of the agreement (for example, cease to continue providing affordable rents), KLH Housing Corp would be obligated to reimburse the City for the value of the incentives.

The financing model anticipates that the City would be the lender both for construction financing and long term financing similar to multiple other KLH Housing Corp projects completed since 2013. KLH Housing Corp would make all payments toward this financing to the City so no tax support is necessary. This approach to financing eliminates the requirements for CMHC mortgage insurance amongst other things thereby reducing the project capital cost by thousands of dollars.

Rationale:

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, 2018 there were 1,672 households waiting for one of those units (601 senior households, 373 households with dependents and 698 households without dependents). In 2018 only 98 of the 1,142 units vacated.

In Fenelon Falls specifically there are currently 115 subsidized units and 294 on the centralized waiting list awaiting one of those units. These households would automatically have the option to select these new units with their original application date.

Households Waiting for a subsidized unit in Fenelon Falls

Unit size	Number of Households
1 Bedroom Unit	284
2 Bedroom Unit	10

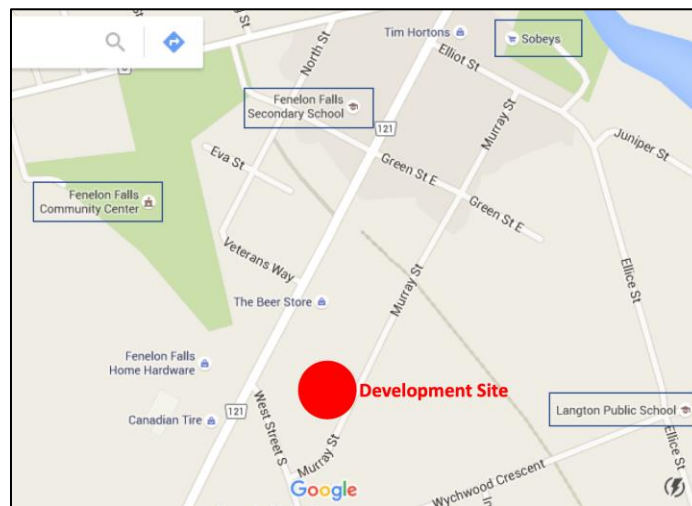
In Fenelon specifically there are currently 83 households on market waiting lists awaiting a market housing unit. While these households are on market lists for other housing units, they would be contacted, along with the broader public to apply for the new market units.

Households Waiting for a market unit in Fenelon Falls

Unit size	Number of Households
1 Bedroom Unit	23
2 Bedroom Unit	29
Either 1 or 2 Bedroom Unit	31

Site Details

The proposed development site is located at 106 Murray Street in the south west area of Fenelon Falls. KLH Housing Corp purchased the land in 2016.



Development Details

A two storey building with thirty apartment units is proposed on the land owned by KLH Housing Corp. This development will include 14 one-bedroom units ranging between 560-675 square feet, 14 two-bedroom units ranging between 761-932 square feet and 2 three-bedroom units ranging between 1,100-1,200 square feet. The current design also allows for three fully accessible/barrier free units. The ground floor of the building will have 14 units, a laundry room, common room with kitchen and garbage room. The service room and the remaining 16 units will be located on the second floor. The building will have three sets of stairwells, one at either end of the building and one in the middle. The building will be serviced by an elevator located in the centre of the building. Surface parking will be available to residents.

The development will incorporate barrier free and energy efficient design options as much as possible with the available funding. This will include looking to construction to comply with a majority of LEED standards including low energy consumption, renewable materials and energy efficient electrical and mechanical systems.

Enbridge Gas is coming to the Fenelon Falls community and it has been confirmed that 106 Murray is within the expanded coverage area. Installation schedules predict that gas services should be available for the proposed development prior to the completion of construction.

Preliminary site plan and elevation drawings are included as an appendix to this report.

Planning Considerations

The proposed development presents KLH Housing Corp with the opportunity to help create mixed income rental housing options in Fenelon Falls. In keeping with the goals and objects of the City's Official Plan (OP), this project not only supports the OP in achieving affordable housing targets but also contributes to the provision of a wide range of housing types and densities to support the achievement of the intensification target and density targets. It 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.

A pre-consultation process has occurred. The site is zoned as R5-8 which is a site specific zone that permits a senior apartment with 1 and 2 bedrooms with an overall maximum of 30 apartment dwelling units. KLH Housing Corp's vision for this land is a development that meets the needs of a variety of tenant types and includes some larger sized units for small families. Discussions with City planning staff clarified that to proceed with the KLH Housing Corp vision, a zoning by-law amendment will have to be pursued. This project will go through the rezoning process to permit some non-senior specific and larger sized units. The project will also need to go through the site plan approvals process.

Timeline

The proposed timeline offers preliminary estimates for project development. These are high level next steps. More detailed project schedules will be created as the development proceeds.

Description	Timeline
Proposal Call for Architect	August 2018
Preliminary project meeting with City officials and project team	October 2018
Geo-tech and topographical work undertaken	November 2018
Pre Consultation Report Received	December 2018

Description	Timeline
KLH Board approves business plan	December 2018
Project presented to CKL Council for Support	February 2019
File zoning by-law amendment	February 2019
Approval of zoning by-law amendment	August 2019
Site Plan application filed	August 2019
Site Plan approved, building permit applied for	December 2019
Building Permit Issued	February 2020
Tender for Construction Contractor	February 2020
Construction start	April 2020
Construction completion	April 2021
Occupancy	May 2021

Other Alternatives Considered:

None

Financial/Operation Impacts:

Financial Considerations

Capital and operating budget estimates for the project have been prepared based on the preliminary design with a \$195/sq.ft construction cost estimate which will reflect the energy efficient approach to the building. Costs for development approvals were obtained using the City's fee schedules. Contingency budgets were based on best practices as established by previous projects, known expenses and the CMHC.

For this cost efficient, two storey, 30 unit development, the all-in capital cost will require a City debenture of approximately \$3.9 million to support the project. The following equity contributions are considered: a \$250,000 cash donation from the City (already identified and approved in the 2018 operating budget for new rental housing), just over \$1million from KLH Housing Corp reserves, land, Co-Investment funding and in kind municipal contributions.

The proposed annual net rental revenues cover the projected operating cost resulting in an approximate break-even point in year one, rising to a surplus of approximately \$3,000 in year two and then approximately \$30,000 by year five. This trend of continual increases to the annual surplus is the result of utilizing a serial debenture (higher debt expense in the beginning that gradually decreases over time with an overall savings in interest) and demonstrates the project's long term vitality. It will provide opportunity for increased affordability targets in future years.

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

- \$250,000 through the Affordable Housing Framework's 2018 New Rental Housing Program
- Rezoning application fees
- Site Plan application fees and relief from any security
- Building Permit Fees (included as an exemption in the Building bylaw)
- Relief from Parkland Levy, servicing connection fees, DAAP fees, etc. related to the new developments
- Debenture secured by the City, repaid by project revenue
- Cash flow throughout development and construction, as needed

Benefits to the City

The most visible benefit to the City would be the addition of 30 new affordable and market rental apartments, supporting the housing objective of the City's strategic plan. Given the trends of increasing rental costs, low vacancy rates, long waiting lists for affordable housing and the current non-existence of affordable family housing in Fenelon, this new development provides an excellent opportunity for the community to increase the supply of rental apartments. Further, this development meets provincial planning objectives. Financially the City will benefit from increased revenue through property tax.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The recommendations of this report directly support the Actions under Goal 2: An Exceptional Quality of Life in the City of Kawartha Lakes Strategic Plan 2016-2019, specifically 2.2.2 Enhance access to community and human/health services and 2.2.3 Increase the supply of affordable housing.

Review of Accessibility Implications of Any Development or Policy:

The project will incorporate overall accessible design with a number of units having a barrier free design.

Servicing Implications:

The pre consultation process has not identified any servicing implications to date. Further studies and reports will be required as the project moves through the various development stages

Consultations:

TWC Consulting Inc
Ron Awde Architects

Attachments:

Appendix A – Proposed Site



106 Murray St - Site
Plan.pdf

Appendix B – Proposed Elevation



106 Murray St -
Elevations Exterior.tif

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