
MEMORANDUM

COM-C 6-2019

Subject: Recommendations from the Niagara Regional Housing Board of Directors respecting the Hawkins/Dell Project

Date: November 5, 2019

To: Public Health and Social Services Committee

From: Ann-Marie Norio, Regional Clerk

The Clerk's Office received correspondence from Niagara Regional Housing (NRH), respecting the Hawkins/Dell Business Case and Contribution Agreement (Report NRH 15-2019, attached as Appendix I). At their meeting held on October 18, 2019, the Niagara Regional Housing Board of Directors approved the following recommendations contained in Report NRH 15-2019:

That the Niagara Regional Housing (NRH) Board of Directors **RECEIVES** this report for information, and **RECOMMENDS** to Public Health and Social Services Committee (PHSSC) & Regional Council that the Regional Chair and Clerk **BE AUTHORIZED** to sign the Contribution Agreement required for this project, subject to final ratification of the 2020 Capital Budget by Regional Council. (OPHI funding Contribution Agreements to be signed by December 31, 2019).

A resolution of Committee is required to approve the recommendation from the Niagara Regional Housing Board of Directors. Suggested wording is as follows:

That the Regional Chair and the Regional Clerk **BE AUTHORIZED** to sign the Contribution Agreement required for the Hawkins/Dell project, subject to final ratification of the 2020 Capital Budget by Regional Council.

Respectfully submitted and signed by

Ann-Marie Norio
Regional Clerk



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October 18, 2019

Ann-Marie Norio, Regional Clerk
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

Dear Ms. Norio:

At their October 18, 2019 meeting, the Niagara Regional Housing Board of Directors, passed the following motion:

That the Niagara Regional Housing (NRH) Board of Directors **RECEIVES** this report for information. and **RECOMMENDS** to Public Health and Social Services Committee (PHSS) & Regional Council that the Regional Chair and Clerk be **AUTHORIZED** to sign the Contribution Agreement required for this project, subject to final ratification of the 2020 Capital Budget by Regional Council. (OPHI funding Contribution Agreements to be signed by December 31, 2019)

Your assistance is requested in moving report NRH 15-2019, Hawkins/Dell Business Case and Contribution Agreement, through Public Health & Social Services Committee and Council for consideration.

Sincerely,

Mayor Walter Sendzik
Chair



Niagara Regional Housing

REPORT TO: Board of Directors of Niagara Regional Housing

SUBJECT: Hawkins/Dell - Business Case & Contribution Agreement

RECOMMENDATION:

That the Niagara Regional Housing (NRH) Board of Directors **RECEIVES** this report for information. and **RECOMMENDS** to Public Health and Social Services Committee (PHSS) & Regional Council that the Regional Chair and Clerk be **AUTHORIZED** to sign the Contribution Agreement required for this project, subject to final ratification of the 2020 Capital Budget by Regional Council. (OPHI funding Contribution Agreements to be signed by December 31, 2019)

PURPOSE OF THE REPORT

This report provides the NRH Board with the final details related to the development of Hawkins/Dell in Niagara Falls, and seeks authorization for the Regional Chair and Clerk to sign the Contribution Agreement required for this project.

REPORT

- Niagara Regional Housing owns 63 single detached houses in the Drummond/McLeod Area of Niagara Falls
- 12 of the 63 houses, built in 1953, will be demolished to accommodate this project
- The proposed 2019 Multi-Residential Intensification Project supports the goal to provide a mix of housing for people at all stages of life, and to accommodate the needs of all household sizes and incomes
- The feasibility proposal is to build a 55 unit 3 storey apartment building on the corner of Dell Avenue and Hawkins Street and an 18 unit 3 storey apartment building on the corner of Heximer Avenue and Hawkins Street, creating 61 net new units in Niagara Falls.
- This development supports the goal of the Region's 10 year Housing and Homelessness Action Plan (HHAP) to increase housing options and opportunities for low to medium income households. It aligns with the priority project of Affordable Housing and supports Council's direction to develop and implement an affordable housing Strategy.
- The 2020 Capital budget is scheduled to be approved on December 12, 2019 by Regional Council.

FINANCIAL IMPLICATIONS

Included in the 2019 approved budget was \$810,000 relating to the planning costs associated with the new development project in Niagara Falls. The remaining costs relating to the construction of the 73 units is included in the proposed 2020 budget. Ongoing operating costs will be carried by the rents & miscellaneous charges collected from the tenants in the building.

The breakdown of the funding contributions for the project is as follows:

	2019 Budget	2020 Budget Request	TOTAL Project Funding
OPHI Funding		3,000,000	3,000,000
Funded by Development Charges	674,900	14,039,087	14,713,987
NRH Reserve Contribution	135,100	3,050,913	3,186,013
Total Funding	\$ 810,000	\$ 20,090,000	\$ 20,900,000

RELATED REPORTS

BRCOTW 4-2019 - 2019 approved Budget Report

NRH 9-2018 – Approval for use of 2018 Surplus

NRH 8-2019 - Canada-Ontario Community Housing (COCHI) & Ontario Priorities Housing Initiative (OPHI)

Submitted by:


Donna Woiceshyn
Chief Executive Officer

Approved by:


Walter Sendzik
Chair

This Business case was prepared by Willi Pankratz, Project Manager, Niagara Regional Housing in consultation with Cameron Banach, Manager Housing Operations and Donna Woiceshyn, C.E.O, Niagara Regional Housing

APPENDICES

A - Housing Development Business Case



Hawkins/Dell Housing Development Business Case

Hawkins/Dell
Niagara Falls, ON

October 18, 2019

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Executive Summary:

1. PROPOSAL

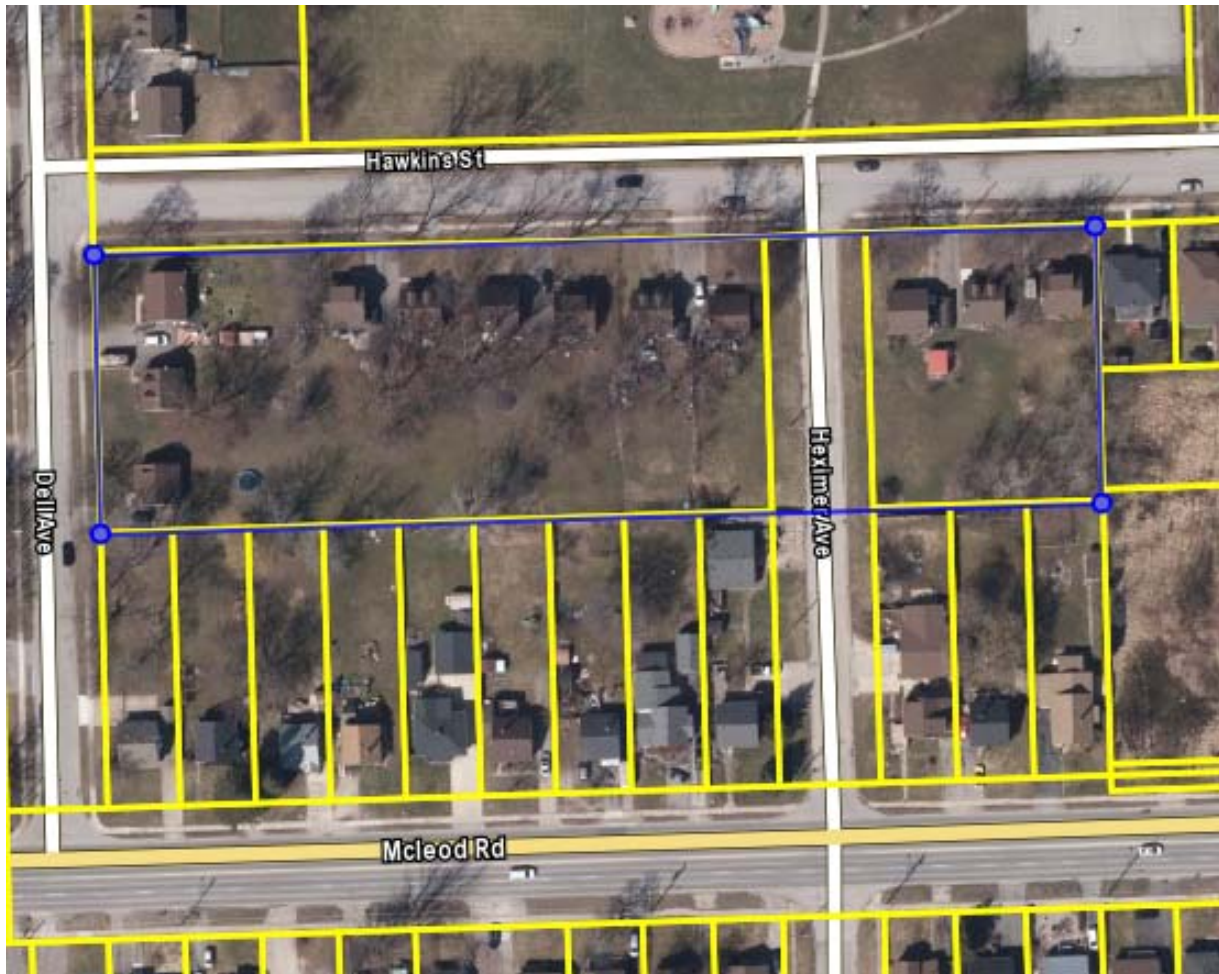
Niagara Regional Housing owns 63 single detached houses in the Drummond /McLeod Road Area of Niagara Falls, some of which are located on Hawkins Street and Dell Avenue. NRH is working on an intensification re-development of all of our homes on Hawkins and some of our homes on Dell to help address the great need for affordable housing in Niagara Falls. 12 of the 63 houses will be demolished to accommodate this project. The proposed 2019 Multi-Residential Intensification Project supports the goal to provide a mix of housing for people at all stages of life, and to accommodate the needs of all household sizes and incomes.

The site at Hawkins St. & Dell Ave. is currently occupied by 12 single-family housing units built in 1953. The feasibility proposal is to build a 55 unit 3 storey apartment building on the corner of Dell Avenue and Hawkins Street and an 18 unit 3 storey apartment building at Heximer Avenue and Hawkins Street. Each building will have common and office space. This development supports the goal of the Region's 10 year Housing and Homelessness Action Plan (HHAP) to increase housing options and opportunities for low to medium income households. It aligns with the priority project of Affordable Housing and supports Council's direction to develop and implement an affordable housing Strategy. The Hawkins St. Development supports the NRH vision statement: "Niagara is a community where everyone has a home" and the mission statement: "To provide and develop quality affordable housing opportunities for individuals and families while promoting self-sufficiency and neighbourhood revitalization". Niagara Regional Housing Board of Directors approved this new development capital project.

2. THE SITE

Description

The land at 7168, 7180, 7194 Dell Ave, 6322, 6332, 6342, 6362, 6372, 6382, 6392, 6402, 6412 Hawkins Street are separate lots 108 -119 described as Pt of TWP. Lots 161 & 172 Township of Stamford, County of Welland in the City of Niagara Falls. The lots will be merged into two separate lots. Pending approval, these existing buildings will be demolished and removed. Below is the picture of the site in its current state:



Zoning

The land zoning is:

6362-6412 Hawkins Street is R1C.

7168-7194 Dell Avenue is R1C

6322-6342 Hawkins St is R1E along the front, at the back TRM (Transition Residential Multiple)

The Community Housing Project for Two Apartment Buildings Requires Zoning By-law Amendment to R5C.

Quartek Group (Architects and Planners), have been engaged by NRH for the necessary professional services to facilitate the pre-consultation meeting, zoning by-law amendment application and the site plan application processes for the development of proposed two(2) apartment buildings. Contacts have been established with the City of Niagara Falls and a pre-consultation meeting was held on June 20, 2019. Raimondo and Associates Architects have since been contracted to complete the detail design.

Amenities

The site is located on Hawkins Street across the road from Prince Charles Park. It backs onto lots fronting a major arterial road where low-rise multi-residential buildings are acceptable. In addition, the location has access to public transit, schools and proximity to a minor commercial district, making it ideally suited for apartment development.

Current State

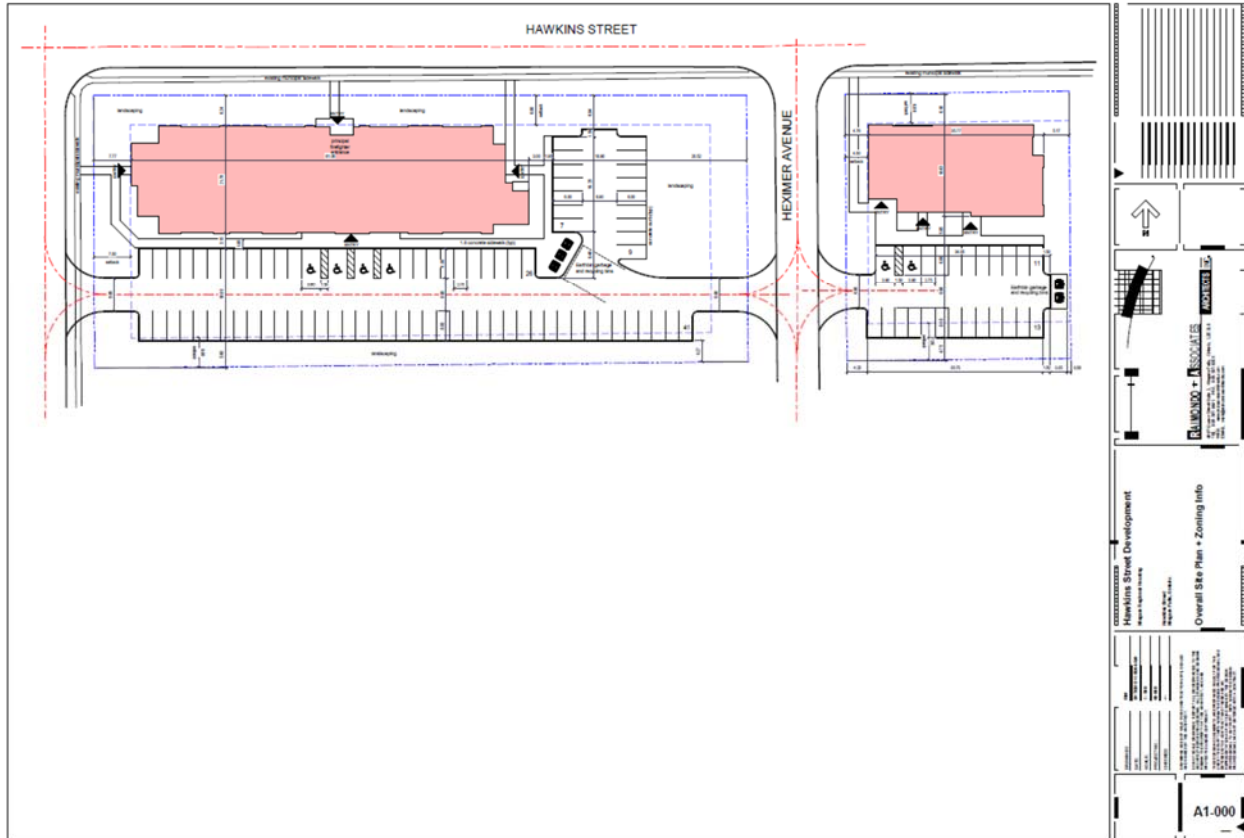
NRH has completed a Surveyor's Real Property Report (with topographic features), and a geotechnical investigation report of the property. NRH has also engaged an Environmental Science Consulting Firm to conduct an environmental assessment (ESA) to ensure the property meets the MOE's environmental standards. This is a prerequisite to obtain a building permit. A phase 2 ESA was not required by Pinchin Ltd. (Environmental Consultants)

NRH has also contracted an Architect for professional design services. This includes providing a schematic design, submission of documents for a Site Plan Agreement (SPA) and preparation of a class C cost estimate Dated September 3, 2019 for this project.

NRH is tendering the demolition of the existing twelve housing units. Demolition is scheduled to start November 2019.

Proposed Site Plan

Below is a highlight of the proposed site plan;



3. NEED AND DEMAND

3.1 Niagara's Population Projections and Demographics for Housing Needs

According to Statistics Canada, the population of Niagara was 447,888 in 2016, an increase of 16,542 from the 2011 census. Over the next 20 years Niagara's population is expected to increase by roughly 40,800 people or 9.3 per cent. This projection is significantly lower than the population growth in Ontario as a whole which is projected to see a 25 per cent increase over the next 20 years (Ministry of Finance, Projected Population for Ontario 2011-2036). However, Niagara has seen the highest positive change (+2.9%) in growth rate among municipalities in the Greater Golden Horseshoe Area between the 2006 to 2011 and 2011 to 2016 census periods (Statistics Canada), with growth expected to remain strong.

The characteristics of a population help determine its current and future housing needs. Niagara Region Planning and Development 2014 population projections indicate that Niagara will have a population of over 480,000 people by the Year 2031. Niagara's growth plan projects that the population of Niagara will increase to more than 600,000 by 2041.

While on average the population in Niagara is projected to increase by 9.3 per cent over the next 20 years, the increases will not be felt equally across the region. Target growth for the city of Niagara Falls is an additional 7,000 households while target growth for Thorold is an additional 4,500 households out to 2041 (CANCEA). The smaller municipalities will see the greatest proportion of growth in the region. Nevertheless, Niagara Falls will likely continue to have a high demand for affordable housing and housing in general as the population continues to be unmatched with the number of affordable housing units available.

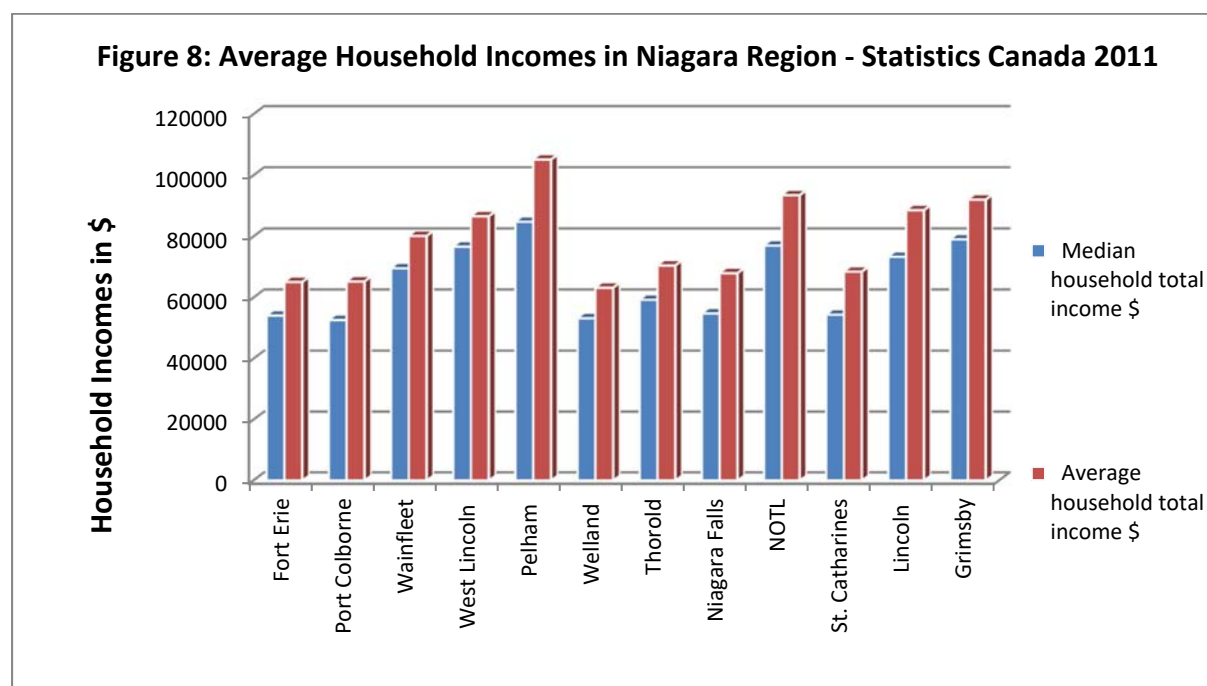
3.2 Household Income

The ability of individuals and families to access housing that meets their needs in terms of adequacy, suitability and affordability is linked to income level. Because housing is a key basic need and a reliable investment asset, the more money a household has, the more housing choice it has.

Across all household types the median total income is lower in Niagara (\$65,086) than the provincial median (\$74,287 - 2016 Stats Can). Persons in non-census families (such as one-person households) in Niagara have the lowest median total incomes at \$32,201 (2015 Stats Can Rev). While couple families have a higher household income these higher occupancy households have greater expenses.

In Niagara, 78 per cent of renter households have incomes less than \$54,000 (with an average renter household income of \$39,578) compared to owner households the majority of which have incomes over \$54,000. 48.1% of tenant households are spending 30% or more of its income on shelter. Renter households are more likely to face problems with housing affordability.

Information from Statistics Canada highlighted in the chart below, indicate that Pelham has the highest average household income after tax with Welland having the least.



Source: Statistics Canada (NHS Profile Niagara), 2011

Higher household incomes are important in supporting the 80% market rent affordability offered in the Ontario Priorities Housing Initiative (OPHI) program. The Hawkins/Dell Project is an OPHI program for 20 of the new units.

3.3 Housing affordability and Shelter Costs

According to Statistics Canada 2011 Census, Niagara has a total of 174,685 households, 42,760 of which are renter households representing 25% of households that rent.

In Niagara rental prices are between 18 per cent and 27 per cent lower than the average rental prices in Ontario. However with Niagara's median income per tax filer being 19 percent lower than the Ontario median employment income of \$32,140, rental housing remains unaffordable for many residents (Statistics Canada, CANSIM 111-0024).

Statistics Canada, NHS survey 2019 reported the average market monthly shelter costs in Niagara area for a 1 bedroom at \$870 per month, and \$1035 for a 2 bedroom apartment. The high monthly shelter costs might be attributed to a number of factors but what is clear is that the demand for rental housing has surpassed supply.

The inability to afford housing and shelter costs is worsened by the ever increasing population in Deep Core Need, this may be partly due to the economic depression (leading to high unemployment levels).

A household is considered to be in core housing need if any one of the following three conditions is met;

- (i) Affordability Problem: more than 30 per cent of income is spent on housing;
- (ii) Suitability Problem: housing is too small for the size of the household;
- (iii) Adequacy Problem: housing is in need of major repair. Deep core housing need is reached when households are spending more than 50 per cent of their income on housing.

Despite a high vacancy rate in 2018 of 3.8%, market rents are not affordable for many Niagara households, and in particular the households that rely on social assistance. In 2018 average monthly rents in Niagara Falls were \$883 for a 1-bed, \$991 for a 2-bed, and \$1,113 for a 3-bed (CMHC). As a result, many people are not able to afford current market rent and therefore cannot take advantage of vacancies.

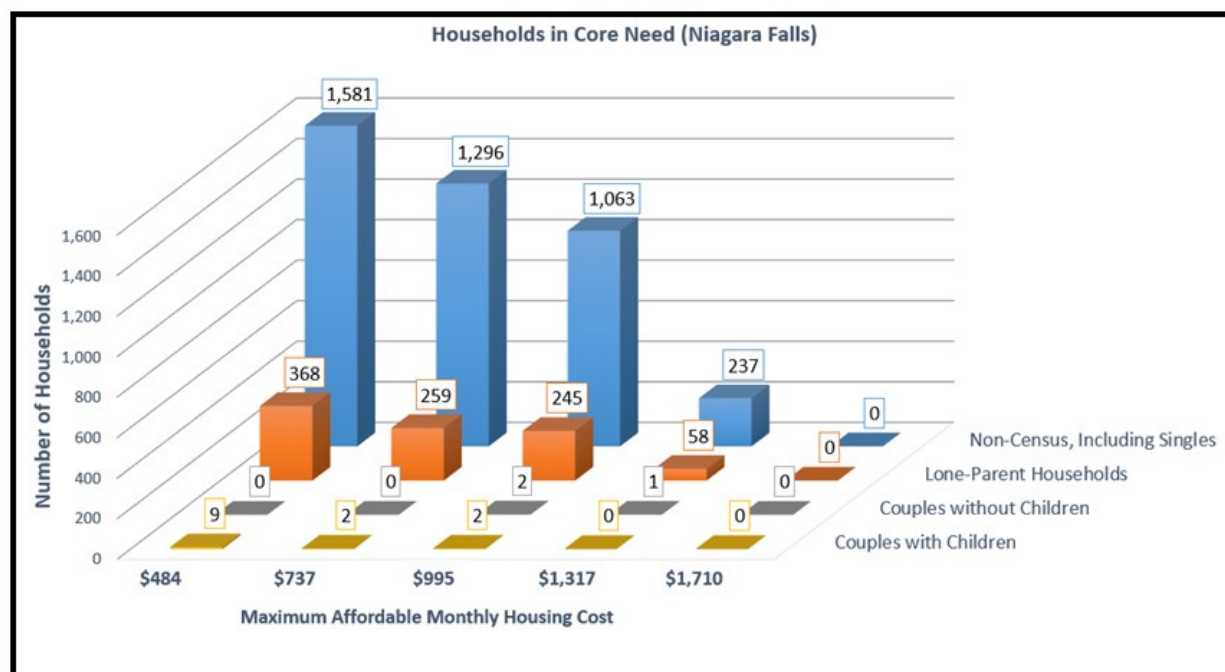
Of local area municipalities, Niagara Falls has the second highest number of households in core housing need, second only to St. Catharines. Of the 23,830 household in Core Housing Need in Niagara, 5128 (21.5%) are in Niagara Falls.

Of the 5128 households in core need in Niagara Falls, 4,177 (81.5%) are non-census singles, 930 (18.1%) are lone-parent households, 13 (0.3%) are couples with children and 3 (0.1%) are couples without children.

3.3.1 Core Need Households by Household Type and Maximum Affordable Housing Cost (Niagara Falls)

Core Need Households by Household Type and Maximum Affordable Housing Cost (Niagara Falls)

Income Decile	1st Decile	2nd Decile	3rd Decile	4th Decile	5th decile
Household Income Range	less than \$19,400	\$19,400 to \$29,500	\$29,500 to \$39,800	\$39,800 to \$52,700	\$52,700 to \$68,400
Maximum Affordable Housing at 30% for all housing costs	\$484	\$737	\$995	\$1,317	\$1,710
Total Households in Core Need	1,960	1,558	1,312	296	0
Non-Census, Including Singles	1,581	1,296	1,063	237	0
Lone-Parent Households	368	259	245	58	0
Couples without Children	0	0	2	1	0
Couples with Children	9	2	2	0	0



Niagara Region Homelessness Services has identified a need in the region including Niagara Falls for supportive housing for people who are experiencing long term emergency shelter stays. In 2018, 674 (37%) of people who accessed shelters stayed for 31-179 days, using 75% of available shelter capacity of 63,231 bed nights. Additional affordable housing units would provide an opportunity to affordably house some long-term shelter stayers with added supports from homelessness services providers. 10 Units will be dedicated to the Housing First Program, of which Community Services will be funding the supports required for the tenants of these units.

3.4 Waiting List

Based on the centralized waitlist for affordable housing, Niagara Falls has 3102 households waiting for an affordable unit (May 31, 2019) including 38% seniors; 32% individuals between 16 and 54 years old and 30% families.

3.4.1 Existing Community Housing Stock in Niagara Falls

As of May 31, 2019, the number of community housing units in Niagara Falls is 3852 or 13% of the 8,177 units in Niagara, (including Providers and Owned units).

3.4.2 Vacancy Rates

The 2018 Canada Mortgage and Housing Corporation's *Rental Market Report* indicates that the vacancy rate in Niagara Falls is approximately 2.4% for a 1 bedroom and 2 bedroom apartment. Vacancy rates in Niagara have decreased over the prior reporting year.

3.4.3. Targeted Tenant

The build is targeted for single adults over the age of 16 and families; with 9 bachelors, 45 one bedroom, 15 two bedroom, and 4 three bedroom apartments. Since this building will be of mixed unit types of RGI, Affordable and Market the property operations staff will develop the tenant eligibility criteria as well as a set of 'house-keeping' rules that will be followed in marketing and filling this property.

4. ORGANIZATIONAL READINESS

4.1 Board of Directors

Niagara Regional Housing was incorporated in 2002 under the Corporations Act. NRH is governed by a 9 member volunteer Board of Directors, including 5 Regional Councillors and 4 Community Directors.

The NRH Board of Directors will maintain general oversight of the project and will review and approve all design, agreements, contracts, and financial obligation. The Directors on

the Board have broad experience and knowledge including financial, legal, property management and development.

4.2 Hawkins Street Design Consultation Committee

The NRH Board of Directors approved a Building Design Committee to be composed of 4 NRH Board members, staff from the various Niagara Region departments and will include community neighbours of Heximer Avenue and Hawkins Street. To date, Niagara Regional Housing and Niagara Region Staff have met numerous times, including a pre-consultation meeting at the City of Niagara Falls Planning Department, to review building design features and preliminary drawings for the site plan and the unit layouts.

4.3 Property Management and Development Staff

NRH owns and provides property management services for a portfolio of 2,842 units consisting of apartment buildings, townhouses and scattered houses. Under the supervision of the Manager of Housing Operations and the Community Resource Unit Manager, 6 Property Administrators, 3 Assistant Property Managers, and 3 Community Program Coordinators support and provide services to family, senior and adult households. This development will be included in the NRH portfolio when completed.

Financial and operational oversight of this Project will be by the Chief Executive Officer with support from the Manager of Housing Operations. A Project Manager has been hired to oversee and supervise the daily operations/activities of this project including schedules, budgets, and the design and construction phases.

4.4 Architectural Firm

The architectural firm, Raimondo and Associates, has been retained through a competitive process to gain the appropriate municipal approvals for site plan application and design of the building. The firm has extensive expertise in the design of multi-residential housing, having completed over 30 projects in Southern Ontario in the last 30 years, 20 of which are located in the Niagara Peninsula.

This firm offers sustainable design and building efficiency experience, both through completed projects and LEED certified staff. Responsibilities would be extended to include the construction management phase if Board and Council approvals are obtained.

4.5 Time scale

RFP will be issued for construction at the beginning of 2020. Construction is scheduled to begin in the spring of 2020 and will be completed in approximately 18 months from start of the construction phase.

4.6 Contractual obligations

It will be the responsibility of the Project Manager on behalf of the NRH Board of Directors to ensure that all contractors and consultants are meeting their commitments as per their contracts.

4.7 Exit Strategy

At the completion of the construction, a certificate of total completion will be issued by the Architect; the certificate of completion will be submitted to the NRH for registration before presenting it to the NRH Board of Directors. NRH Housing Operations will take over management of the building to ensure that the value of the investment is maintained. The building will be an asset to the NRH and NR Portfolio.

4.8 Risk Analysis and Management

Considering the terms of the conditions attached with the Ontario Priorities Housing Initiative (OPHI) funding, time is of great importance and failure to commit to a contribution agreement by December 31, 2019 will lead to a loss of the available funding.

5. COMMUNITY ENGAGEMENT

A community engagement plan has been developed to ensure that key stakeholders are able to provide input into the Hawkins/Dell Development. Building on the success of the NRH community engagement framework in previous developments, the plan will include frequent, informative updates to all stakeholders. The Development Committee will include representatives from the Hawkins/Dell neighbourhood to ensure meaningful collaboration. In recognition of the inconvenience to tenants who must move to enable the development, NRH staff have offered assistance with relocation choices, moving expenses and reconnection services. Each interaction with tenants included an expression of appreciation of their cooperation. Neighbours have provided valuable recommendations in NRH past developments and have assisted NRH to address concerns and avoid unnecessary misunderstandings. In addition to neighbours, the Hawkins/Dell Community Engagement Plan focusses on community partners, the NRH Board, local elected representatives and NRH and Niagara Region Staff.

HAWKINS - Communications	Date	Stakeholder(s)												
		Development Committee	Community	Community Partners	Housing Providers	Media	MP / MPP	Neighbours	Niagara Region (Chair & Council)	NRH Board	NRH Staff	NF Mayor / Councillors	Open House Attendees	Tenants
Letter to tenants advising of move (hand delivered PA/CPC)	2019-06-24													✓

HAWKINS - Upcoming Communications
Letter to neighbours re: what will be happening (ask for involvement)
Media Advisory/Release - Future Development/Intensification Announcement
Sign installed onsite
Media articles
Open House/Info Session Invitation
Open House/Info Session
FAQs
Meetings w/ Mayor & Ward Councillors
NRH Today
Neighbour meetings
Official Fact Sheet
Engage neighbours to be members of the Committee
Letters to neighbours
Invite to Groundbreaking?
Groundbreaking?
Tenant newsletters
Update flyers
Save the Date for Opening
Invitation for Opening (reminder to RSVP)
Media Advisory re: Opening
Opening
Media Release re: Opening

6. BUILDING DESIGN

6.1 Building Location on the Site

The proposed buildings locations on the site are positioned in such a way as to:

- Maximize the number of units
- Maximize land usage through land intensification
- Increase the amount of green space at the end of Building A
- Provide the most convenient entry to the accessible units for both tenants and/or support agency staff.

6.2 Building Amenities

The building on site A will have a sprinkler system. Laundry rooms will be located on each of the three floors in the building which are serviced centrally by the elevators. The first floor will also have two offices, a scooter room, a janitor room, a universal washroom and a lobby area with mailboxes. The partial basement will have a mechanical/electrical room, a washroom, a kitchen, a common room, an office and a storage space. There will be an emergency generator sized to provide service to power one elevator and emergency lighting for the building. Emergency heating and cooling of the common rooms has also been included in the recommended generator size.

The building on site B will have a sprinkler system. Laundry rooms will be located on each of the three floors above grade. The ground floor will have an office, a common room, a lobby area with mailboxes, a janitor room, a scooter room, and an electrical room. The second and third floors will have a common area, electrical room and janitor room. There will be a full basement featuring a storage room, a mechanical/electrical room, a common room, a lobby area and a universal washroom. All three floors above grade and the basement are accessed by one elevator and two separate exit stairwells. There will be an emergency generator sized to provide service to power the elevator and emergency lighting for the building. Emergency heating and cooling of the common rooms has also been included in the recommended generator size.

Accommodations for Earthbin garbage and recycling bins for waste removal system have also been included in the design.

6.3 Exterior

The exterior façade will be a combination of steel stud walls/ brick façade and stone or culture stone. The balconies will have tinted glass panels. There will be parking for 83 vehicles for Site A and 24 for Site B.

6.4 Accessibility Features

Niagara Region's *Facility Accessibility Design Standards*, (FADS), and Universal design features have been included in the common areas and barrier free (BF) suites to assist tenants with changing needs as they age, such as:

- Lower lights switches
- Raised floor receptacle height
- Wider corridors
- Wider unit entry doors both in common areas and units
- 4 accessible parking spots at building entrance for Site A, 2 accessible for Site B
- Site A, 55 unit; 4 BF 1- Bedroom, 2 BF – Bachelor, 2 BF 2- Bedroom, 1 BF 3- Bedroom
- Site B 18 unit; 4 BF 1 – Bedroom

In considering Public Health's *Falls Prevention Strategy*, all accessible units will feature walk-in showers.

6.5 Energy Efficiency

To promote conservation and energy efficiency, sustainable conventional mechanical design that meets the latest current codes will be included in the building. Electrical and Mechanical design will be similar to the Carlton Street Project in St. Catharines, where an energy modelling analysis was completed. Each apartment unit will be a 4-pipe heating/cooling high efficiency fan-coil system that has a central high efficiency boiler and chiller for heating and cooling. Every unit will also have an energy efficient heat recovery ventilation system, programmable thermostats and LED lighting. Fiberglass framed windows with double sealed heat mirror TMglazing with XUV technology will be an added energy feature in the envelope design.

7. DEVELOPMENT APPROACH

The following four development approaches were considered:

- General contract (group secures land, hires architect, seeks fixed construction bids)
- Turnkey development (development company completes entire development package: design, approvals, and construction, for a fixed price)
- Design-build (similar to turnkey, but group has direct relationship with architect)
- Design Bid Build (group hires architect and then tenders for construction)

The General Contract and Construction Management approach require considerable resources and present more risk to the Corporation, both were eliminated from consideration for those reasons. The Design Bid Build approach is the method that the NRH Board used for the Carlton Street Project. The Hawkins St/ Dell Ave. Project will follow the same process based on the Value for Money Audit findings.

8. TENANTS AND RENTS

8.1 Tenants

The new building will be for a mix of market, affordable (80% of Market) and community (RGI) housing tenants with mixed income levels.

8.2 Market, Affordable and RGI Rents

28 of the units will be full RGI selected from the NRH waitlist, 20 of the units will be affordable at 80% of the market rents and will also be selected from the NRH waitlist and the remaining 25 units will be at a market rate set by NRH that will be no more than the CMHC median market rents for Niagara.

8.3 Self- Sustaining Rent Structure

To allow the building to be self-sustaining with no additional ongoing operating subsidy required, the rents for this development will be based on the CHMC market rate advisory. Based on CHMC Rental Market Report in the year of occupancy. The current median market rent for a bachelor unit is \$620, a 1 bedroom unit is \$ 927, a 2 bedroom unit is \$1,068, and a 3 bedroom unit is \$1,077 in Niagara.

9. CONSTRUCTION COSTS

The proposed building will be built with the following:

Site A:

- Steel stud & Masonry construction (Non-Combustible Construction)
- Core slab concrete floors
- Approximately 750 sq. ft. of storage
- 2 elevators
- Total building square footage of approximately 51,745 sq. ft. - not including the basement.

Site B:

- Steel Stud & Masonry Construction (Non-Combustible Construction)
- Core slab Concrete floors
- 1 elevator
- Total building square footage of approximately 20,473 sq. ft.

Based on the Cost Consultant, the construction costs with a 5% contingency are estimated at \$220.00 per sq. ft. Adding in other project costs and contingency brings the total project cost to an estimated \$20.9 million. (See chart below):

Land, Acquisition NRH Budget (Includes legal fees, environmental assessment)	\$64,450
Fees and Charges NRH Budget (Includes taxes and insurance during construction, architect project management, site survey, audit etc.)	\$1,347,812
Building NRH Budget (Includes construction costs, sprinkler system, appliances, furnishing common areas, landscaping/outdoor amenities)	\$18,165,705
HST (net) and 5% Contingency NRH Budget	\$1,322,033
Total Capital Costs including land NRH Budget	\$20,900,000

9.1 Assumptions in Capital Budget

The capital budget was developed with the following assumptions:

- No consultant or developer fees (savings of \$300,000 – 400,000 by using NRH staff, Board and committee volunteers)
- Professional fees competitively priced
- Construction cost estimates based on \$220.00/sq. ft. (NRH Estimate) cost consultants suggest \$214.00/sq. ft.
- Site demolition costs for removal of all existing buildings is estimated \$330,000.00.
- 5% contingency built in
- Waiver of Regional and Municipal development charges and site plan application fee
- Site plan submission approved as submitted

10. OPERATING BUDGET

Using comparative operating costs from the existing apartment building and recent, similar AHP new apartment building costs, total annual operating expenses are estimated at \$476,000/year. Operating costs include insurance, taxes, capital reserve, administration utilities etc. Long-range projections indicate year-end surpluses that would allow for additional rent-geared-to-income units or additional contributions to the capital reserves.

10.1 Assumptions in Operating Budget

The operating budget has been developed with the following assumptions:

- Annual inflated transfer to capital reserves starting in year 1
- Utilities included in the tenant rents
- Rental increase at an average rate of 2% annually
- Operating expense increases at an average rate of 2% with additional increases at each 5 year increment of the 30 year projected operating budget

11. FINANCING ARRANGEMENTS

11.1 Project Funding

The project will be funded as follows:

OPHI Funding	\$ 3,000,000
Development Charges	14,713,987
Restricted Owned Unit Reserves	3,186,013
TOTAL Estimated Project Costs	\$ 20,900,000

In order to maximize the development on the land, 73 units will be constructed in total. The Ontario Priorities Housing Initiative (OPHI) funding of \$3,000,000 will provide for the construction of 20 units. Under the OPHI program, approved projects must start construction within 120 days of signing a Contribution Agreement (April 30, 2020). They must also have all required municipal approvals such as zoning, minor variances and site plans in place to permit the proposed development, or be well advanced in the planning approvals process. The remaining 53 units are being funded through development charge revenue and restricted reserves.

11.2 Regional/Municipal Incentives

As an affordable housing development, this project is eligible for the waiver of Regional and Municipal development charges. NRH as a Service Manager of affordable housing for Region and therefore part of Niagara Region has already received waivers on site plan

application fees as per an arrangement between Niagara Falls and the Region. The proposed project does not fall within a current Community Improvement Area (CIP).

11.3 New Community Housing benefits

The project aims at investing \$20.9 million as the cost of development. At the completion of construction, it is estimated that an asset value of \$20.9 million will be created.

The development will improve affordable housing options for Niagara; create employment opportunities; increase demand for services which will benefit utility companies and most importantly generate revenue for the Region and NRH from rent charges