



Council Report # 2019-20

Title: Elgin Park Redevelopment
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Reviewed by: Lisa Horne, Director
Approved by: Jennifer Moore, CAO
Strategic Plan: Thriving and Inclusive Communities
Council Date: March 20, 2019

Recommendation

“Whereas the Corporation of the County of Northumberland is the sole shareholder of the Northumberland County Housing Corporation; and

Whereas the Northumberland County Housing Corporation owns and operates 18 units on Elgin Street East, Cobourg, Ontario; and

Whereas the Corporation of the County of Northumberland recognizes the need for strong asset management of the existing housing portfolio alongside the need to expand the stock of safe, affordable and accessible subsidized and affordable housing;

Now Therefore Be It Resolved That County Council approve the long-term Elgin Park (265-327 Elgin Street East) Redevelopment project in Cobourg, Ontario; and

Be It Further Resolved That County Council authorize County staff to initiate the procurement process for the completion of pre-development work through a draw from Housing Reserves and/or CMHC Seed Funding up to \$300,000.”

Purpose

The purpose of this report is to seek Council support to pursue the proposed Elgin Park Redevelopment Project through the initiation of procurement activities for pre-development costs. In addition, the purpose of this report is to provide a briefing of a funding application submitted to the Canada Mortgage Housing Corporation (CMHC) for grant/loan funding for pre-development exploration studies for this project under the Seed Funding program.

Background

The NCHC was incorporated on December 14, 2000 pursuant to the Business Corporations Act (Ontario) (the OBCA) under the authority of the *Social Housing Reform Act, 2000* (the SHRA). The corporation's sole shareholder is the County of Northumberland and currently owns 344 units of social housing.

Since 2015, the waitlist for social housing in Northumberland County has almost doubled, and is continuing to exponentially grow. Further, the turnover rate within social housing has decreased by nearly 30% in the same time period. There is a demonstrated need for additional social housing stock as demonstrated by the centralized waitlist which is now surpassing 9 years in some communities, and has grown by more than 220% over the last ten years.

While the demand for social housing (rent-geared-to-income) continues to increase, the demand for private rental market housing (low-mid affordability) has also increased as demonstrated by an increase of rental prices and lack of new rental stock coming online. According to CMHC, Northumberland County has seen an increase of only 16 new private rental units since 2015. Further, more than a fifth of all households were facing housing affordability issues in 2015 and almost 9% were facing severe affordability issues (spending more than 50% of their income on housing).

The need for more affordable and appropriate housing is needed throughout the County, but most urgently in urban areas where there is also the presence of support services and greater employment opportunities. This need is well articulated in the Northumberland County Affordably Housing Strategy, which identifies that housing gaps are acute in Cobourg as compared to Northumberland County as a whole. Further, the redevelopment of the Elgin St duplexes will support asset management principles as the facilities are beginning to age and are reaching the peak of their useful service life, originally constructed in 1970. This project will also be supported through the forthcoming Social Housing Master Plan and NCHC Strategic Asset Management Plan aiming to begin in mid-2019.

The conceptual plans for Elgin Park will consist of a series of eight multi-plex buildings with a shared green space in the centre. The current mix of unit sizes will continue in the redevelopment, meaning that there will be no loss of existing multi-bedroom unit stock. These buildings will consist of four-plexes and six-plexes with a total of 40 units, a mix of rent-geared-to-income and affordable market rent. This project will require rezoning in order to accommodate higher density units on site.

County staff have notified current tenants at Elgin Street to advise them of the long-term plans. All tenants have been advised that this development project will not jeopardize their standing as a tenant with the NCHC, although elements of their tenancy may change. Tenants have been assured that they will be notified in advance, should their existing tenancy be impacted by construction activities. Further, tenants have been directed that all questions can be answered directly by the Housing Services Manager.

At present, any vacancies at Elgin Street will not be refilled in an effort to minimize impacts to existing tenants and facilitate the beginning of construction upon the completion of necessary pre-development projects and the availability of construction financing. Further, upon approval of this Council Report, the Ministry of Municipal Affairs and Housing will be formally notified of

the planned vacancies and any temporary impacts to the County's service level standards. It is also important to note that the mortgage for this property expired in January 2017.

Northumberland County has submitted an application to the CMHC Seed Funding program for loan/grant support in the pre-construction costs of this project. Northumberland County has requested \$235,225 to advance this project. This funding would support project drawings and specification, needed planning surveys, permits and preliminary design work.

Consultations

Extensive internal consultations have occurred with various departments, including Finance, Economic Development and Planning, Transportation, Waste and Facilities, Community and Social Services, Communication and the CAO. In addition, the NCHC Board of Directors has been consulted. Preliminary discussions have been had with the Town of Cobourg to identify planning requirements. External consultations have also taken place with other service managers who have undertaken similar redevelopment and intensification projects.

Legislative Authority/Risk Considerations

Considerations have been given to the *Residential Tenancies Act, 2006* and the *Housing Services Act, 2011*. These pieces of legislation have been reviewed for potential legal implications for Northumberland County as the Service Manager and for the NCHC as the landlord for these units.

In addition, the *Planning Act*, the Northumberland County Official Plan and Town of Cobourg's Official Plan and Planning By Laws have also been consulted in this process.

Federal, provincial and local plans and strategies have also been reviewed for consistency and applicability to this project, including the National Housing Strategy, the Long-Term Affordable Housing Strategy (Update), Investment in Affordable Housing Program Guidelines, Northumberland County's 10 year Housing and Homelessness Plan, and Northumberland County's Affordable Housing Strategy.

Discussion/Options

Intensifying the existing 9 duplex dwellings on Elgin Street to achieve the vision for Elgin Park will require medium-term planning in order to achieve the final vision of 40 rental units. The current demand for RGI housing in Cobourg is represented by nearly 700 households on the centralized waitlist seeking housing in Cobourg, with the current waitlist for the existing 18 units at Elgin Street nearing 185 households.

Elgin Street currently represents the only multi-bedroom stock in the NCHC portfolio within Cobourg, and as such it is critical that the Elgin Park Redevelopment project maintains the existing unit breakdown (4 two bedroom units, 8 three bedroom units, 6 four bedroom units). In addition to these 18 units, it is being proposed that an additional 10 RGI units be added, alongside 12 market rent units. This will include the creation of 14 one bedroom units that will serve to meet the most needed units according to both the centralized waitlist and the findings of the Affordable Housing Strategy.

At present, a proposed unit breakdown by size and rent levels have been created at a staff level for initial financial feasibility analyses, however will remain as draft until planning and

design drawings and financial feasibility analyses are complete. At present, the market rent rate is being proposed to be within 100% of CMHC AMR or lower.

Northumberland County has submitted a request to CMHC for the Seed Funding program to support the pre-development work required for needed planning rezoning and project design work. It is anticipated that the procurement process for pre-construction development work will begin immediately following Council approval of the project, with contract award to take place after receiving notice of Seed Funding success. Should Seed Funding be unsuccessful, it is recommended that the pre-development work continue through a draw from Housing Reserves.

In order to realize the full density vision of Elgin Park, rezoning is required to move the property from an R3 designation to an R4 designation to allow for four and six-plex buildings. It is anticipated that this will take approximately 12 months to receive rezoning designation alongside the preparatory work required ahead of the request to the Town of Cobourg.

However, with the current two vacancies on Elgin Street, Northumberland County remains in a construction-ready position (within 6 months) should funding from another level of government become available to begin phase one of the Elgin Park Redevelopment project. This can be achieved within the current zoning designation and minimal planning requirements/permits through the construction of a duplex building with secondary suites to achieve an initial four units.

Current tenants of Elgin Street have been notified of the initial plans for the Elgin Park Redevelopment project and Northumberland County and the NCHC remain committed to ensuring tenant concerns are addressed and navigated appropriately. Tenants will be notified of potential impacts and requirements for change in their tenancies as according to legislation outlined in the Residential Tenancies Act and following notice processes as per the Landlord Tenant Board. Northumberland County and the NCHC will prioritize easing tenant transitions through the process and will maintain open communication with all tenants impacted. At present, NCHC will not be housing new households in currently vacant units to allow for construction readiness.

It is also recognized that these plans may also impact housing stabilization plans for households on the centralized waitlist seeking housing at Elgin Street. Northumberland County Housing Services will be contacting households on the centralized waitlist who have selected Elgin Street in their building selections to notify them of the pause in vacancy turnover at this property.

Financial Impact

The immediate financial impact of this project is the cost of the predevelopment work, estimated at \$235,225. However, the County has applied to CMHC Seed Funding program for these costs through grants or interest-free loans.

The average annual cost of maintaining a vacant unit is estimated at \$9,536 in lost rent revenue (based on average RGI rent). This loss may be offset in full or partially through savings in hydro, water, repair and maintenance and other operational costs.

In addition, there is a potential for long-term financial impacts as a result of Seed Funding loan repayments, and other costs associated with completing the construction of Elgin Park Redevelopment. However, it should also be noted that at present the immediate commitment

is to complete pre-development work to be construction ready while actively seeking partner funding from other levels of government.

Member Municipality Impacts

Impacts to member municipalities at present are minimal, however as the project moves forward the County will be seeking the Town of Cobourg's support for this project through incentives as per the forthcoming Affordable Housing Strategy.

Conclusion/Outcomes

It is recommended that County Council approve the initiation of the procurement process through a draw from Housing Reserves or through Seed Funding, if successful. It is also recommended that County Council authorize County staff to begin actively seeking construction financing from other levels of government.

Attachments

Elgin Park presentation