



BUSINESS PLAN FOR SENIORS HOUSING TOWNSHIP OF SOUTH FRONTENAC

FEBRUARY 2017



EXECUTIVE SUMMARY

As communities grow and age, the need for suitable seniors housing options is becoming more and more prevalent. This is true of Frontenac County where seniors as a share of the overall population will continue to rise over the next 20 years. As a result, County Council has designated seniors housing as a priority and allocated funds to explore the feasibility of developing affordable housing projects to meet these needs and to prepare business plans for such projects. This report for the Township of South Frontenac represents the second such business plan prepared under this initiative.

Using a multi-step process, the need and viability of such a project was investigated for the Seniors Housing Task Force that was established by the County. Based on demonstrated needs, community consultation and business case analysis, the concept for a small scale seniors housing project situated in Sydenham has been developed. This concept has been tested and found to be viable, subject to the assumptions outlined in this report. Based on the proposed concept, the seniors housing project would:

- Be modest in scale – 12 self-contained apartment units (6 @ one bedroom, 6 @ two bedroom) plus amenity space for a total buildable area of 10,600 sf (GFA)
- Include basic amenity space - laundry facilities (2 pair) and a small indoor common area for gathering/socialization would be provided
- Accommodate seniors mobility needs – providing a safe, indoor access to apartment units while incorporating visitability and accessibility throughout units and common spaces
- Support basic affordability – all units would be rental and offered at or below average market rent level. Rents for the one bedroom units could be lowered to 80% of average market rent if IAH funding is obtained from the City of Kingston.
- Be procured as new construction – this approach would enable a single storey slab-on-grade building, with a cost-effective double-loaded main corridor, wood frame structure and standard sloped roof
- Incorporate practical sustainability features that promote energy efficiency
- Be situated adjacent to the Grace Centre on land currently owned by South Frontenac Community Services Corporation, plus an adjacent parcel
- Be procured through a formal design/tender process (stipulated price contract)
- Be financed using a conventional mortgage that is CMHC-insured, as well as an equity contribution of \$350,000 from the County and an additional equity contribution in the order of \$350,000 for the IAH-funded option OR \$1,095,000 in the non-funded option
- Be owned by a newly constituted non-profit housing corporation
- Be managed by Loughborough Housing Corporation, should they be agreeable to take on that role.

As a result of the financial analysis, it has been determined that the project would be viable based on preliminary cost estimates, anticipated revenues and assumed contributions. While a series of land use approvals are required to permit the intended use, there do not appear to be any significant barriers to securing these approvals. Prior to acquiring the project site, due diligence testing would be required to ensure that no environmental concerns or project servicing impediments exist. Based on an initial scan of current conditions and background information, no impediments are anticipated. Viable project governance options exist, the most plausible of which would see the creation of a new non-profit corporation which would legally own and operate the project.

The Consulting team wishes to thank the Senior Housing Task Force for their insights and guidance in the development of this Business Plan. The team also wishes to express their thanks to County and Township staff who assisted in facilitating various elements of the study and provided valuable feedback.

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INTRODUCTION

With an aging and diversifying population, seniors housing in Frontenac County has become a growing priority. Recent studies have examined this housing need within the context of the broader housing market and have identified potential options for meeting seniors needs throughout the County. As a result of this work, County Council has designated seniors housing as a priority and allocated funds to explore the feasibility of developing affordable housing projects to meet these needs and to prepare business plans for such projects. This report for the Township of South Frontenac represents the second such business plan prepared under this initiative, following completion of the business plan for the Township of Frontenac Islands.

Bringing a housing project from initial concept to on-the-ground reality involves a number of sequential stages. Each stage involves a progressively more detailed assessment of the project to ensure that it continues to meet the community's needs, is financially feasible and is operationally sustainable. Key resource commitments and go-forward decisions are required for sponsor groups to proceed from one stage to the next. The scope of work for this study addresses the beginning of this process; preparing a business plan to determine 'proof of concept' for the project.

Specifically, the purpose of this study is to:

1. Produce a business plan for the development of Seniors Housing in the Township of South Frontenac in accordance with the RFP specifications
2. Engage the Township Council and stakeholder groups in a discussion regarding local needs
3. Develop a business model that would result in a sustainable seniors housing project serving the needs of the community.

Project background

In 2010-11, the City of Kingston and County of Frontenac undertook development of a Municipal Housing Strategy (MHS). The strategy involved a comprehensive, multi-phase process which examined housing needs, supply trends and priority gaps within the regional housing market. A detailed review of current policies, programs and local initiatives was also undertaken to determine the degree to which identified gaps were being addressed. As a result of this analysis, a formal stepwise strategy was developed as part of the MHS to address priority issues and housing gaps over the short, mid and long range.

One of the emerging priorities identified for Frontenac County through the MHS was the growing seniors population and concerns about the ability to adequately meet their housing needs looking forward. As a result, the County undertook a more detailed review of the local seniors housing situation to better understand the range of needs and potential solutions that could be used to address these needs. As part of the "*Seniors Community Housing Pilot Project Study*" completed for the County in 2012, a review of priority issues and existing conditions was completed. An assessment of housing options was also undertaken to evaluate potential seniors housing models and opportunity nodes throughout the County.

Implementation considerations, including generic model costing and a policy framework analysis were also documented to help frame options for moving forward with a potential pilot project.

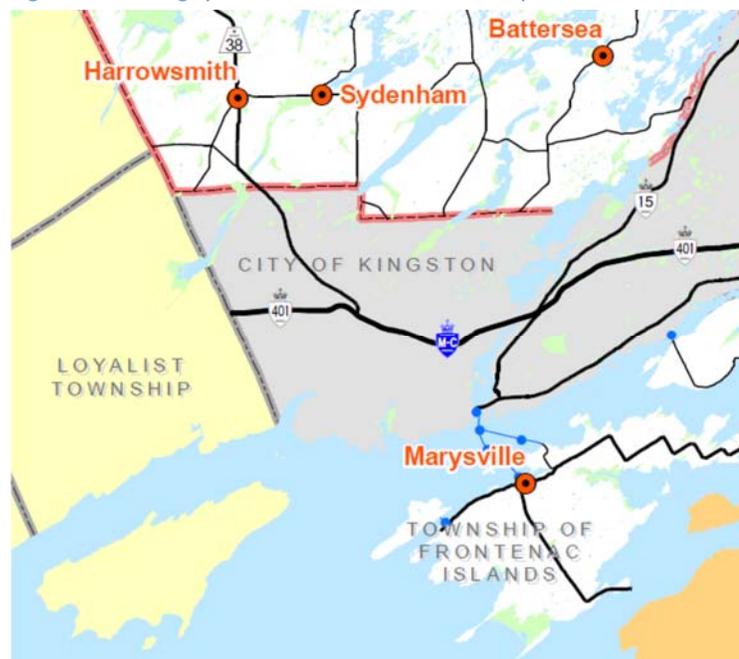
As a result of the study, it was recommended that a task force be created to pursue the establishment of a pilot seniors housing project. The County subsequently struck a Senior's Housing Task Force to establish a scope for pursuing a pilot project. The Frontenac Senior's Housing Task Force met in May of 2014 to review possible directions for the proposed project and determined that the most suitable course of action would be to evaluate potential project options and develop a business plan for the proposed project. In accordance with the seniors objectives of the County's Strategic Plan, Council allocated \$1.5M in financial resources that same year to pursue development of up to four small-scale pilot projects throughout Frontenac County, one in each constituent Township.

Context for business plan

In the *"Seniors Community Housing Pilot Project Study"*, a range of potential housing options were examined and evaluated against opportunity nodes throughout the County. Given the broad geography, settlement patterns and local needs, a range of potential pilot project options were identified. One of the study conclusions was that a preferred option for a seniors rental housing project would be the development of a facility in the Sydenham community within the Township of South Frontenac, either through new construction or redevelopment. Other communities within South Frontenac were also considered, but the availability of municipal water and the presence of a wide range of community services suitable for seniors made Sydenham the most suitable location for a project of this nature.

Following the completion of the first business plan for the Marysville Community within the Township of Frontenac Islands, the decision was made to proceed with preparation of the business plan for South Frontenac, utilizing a similar methodology. A Seniors Housing Task Force for South Frontenac Township was established to guide the process of preparing this plan.

Figure 1 - Situating Sydenham within Frontenac County



This report

This report is the culmination of a multi-staged study process. The steps that have led to the development of this business plan report include:



Based on project assumptions, this report explores the feasibility of a small-scale seniors pilot project in the Sydenham community. As a result, this business plan includes:

- An overview of need
- A defined project concept and discussion of options considered
- An overview of the development considerations that would influence the project
- A review of financial feasibility
- Options for project governance and management
- Considerations for moving forward with the project

The business plan provides an assessment of the suitability for moving the concept forward and provides recommendations in that regard.

PROJECT NEED

This section of the report provides a summary analysis of housing needs in the Township of South Frontenac that is based primarily on statistical data analysis. In addition to detailing demographic trends and housing characteristics, the summary also provides an assessment of the need for affordable seniors housing. This analysis is augmented with the results of community consultations, undertaken as part of this study to determine local perspectives on a potential seniors project. Collectively, this information provides a profile of current housing needs for seniors and provides the analytical foundation for the development of the business case.

Local housing needs and market indicators

Below we provide an assessment of local housing needs and market indicators in the Township of South Frontenac to help determine the need for seniors housing within the area.

Population Trends

In the 10 years tracked by the 2001, 2006 and 2011 Censuses, the population of South Frontenac increased by 10.4%, while Frontenac County as a whole increased by 8.0%. The province's population increased by a faster rate at 12.6%. However, from 2006 to 2011 the population of South Frontenac decreased by 1%. It should be noted that South Frontenac comprised 68.7% of the County's population in 2011.

Table 1: Population Trends

Municipality	2001	2006	2011	% Change 2001-2011
South Frontenac	16,415	18,220	18,125	10.4%
Frontenac County	24,411	26,658	26,375	8.0%
Ontario	11,410,046	12,160,282	12,851,821	12.6%

Source: Statistics Canada Census Profiles 2001 - 2011

Population by Age

The Township of South Frontenac is expected to experience further growth in the next 15 years. It is projected that South Frontenac will still comprise 68.7% of the County's population until 2031. From 2011 to 2016, the Township's population is expected to increase by 10%, with the growth of seniors projected at 46% - more than four times the overall population growth rate. From 2016 to 2031, the overall

population is expected to grow by 16%, with seniors experiencing a 70% increase. These figures point to the significant need to provide housing options suitable for an aging population.

Table 2: Population Projections by Age

Age	2006	2011	% Change 2006-2011	2016	% Change 2011-2016	2021	% Change 2016-2021
0 to 15 years	3,345	2,990	-11%	2,789	-7%	2,987	7%
15 to 24 years	2,185	2,175	0%	2,497	15%	2,223	-11%
25 to 34 years	1,705	1,590	-7%	3,145	98%	3,328	6%
35 to 44 years	2,945	2,415	-18%	2,334	-3%	2,640	13%
45 to 54 years	3,260	3,380	4%	2,739	-19%	2,364	-14%
55 to 64 years	2,635	3,040	15%	2,757	-9%	2,978	8%
65 years and over	2,145	2,535	18%	3,694	46%	4,346	18%
Total	18,220	18,125	-1%	19,955	10%	20,865	5%

2026	% Change 2021-2026	2031	% Change 2021-2031	% Change 2016-2031
3,157	6%	3,206	2%	15%
2,216	0%	2,443	10%	-2%
3,018	-9%	2,755	-9%	-12%
3,062	16%	3,036	-1%	30%
2,362	0%	2,975	26%	9%
2,780	-7%	2,419	-13%	-12%
5,106	17%	6,277	23%	70%
21,701	4%	23,110	6%	16%

Source: Statistics Canada Census Profiles, 2011; Watson & Associates Economists Ltd., Population, Housing and Employment Projections for the Frontenacs, June 2014

Households

In terms of household trends, South Frontenac experienced a 14.4% increase in the number of households from 2001 to 2011. Similarly, Frontenac County experienced an 18.6% increase in households, while Ontario experienced a 15.8% increase.

Table 3: Household Trends

Municipality	2001	2006	2011	% Change 2001-2011
South Frontenac	5,945	6,765	6,800	14.4%
Frontenac County	9,190	10,265	10,900	18.6%
Ontario	4,219,410	4,555,025	4,887,510	15.8%

Source: Statistics Canada Census Profiles 2001 - 2011

It is forecast that from 2016 to 2031, the number of households in the Township will grow by 18.5%, while the County will increase by 16.8%. In total, 8,715 households are expected to be located in South Frontenac by 2031. During the period from 2011 to 2031, an additional 1,750 households are projected to be added in South Frontenac, each of whom will need a place to live. These forecasts point to the need for an expansion of housing supply within the Township during this period.

Table 4: Household Projections

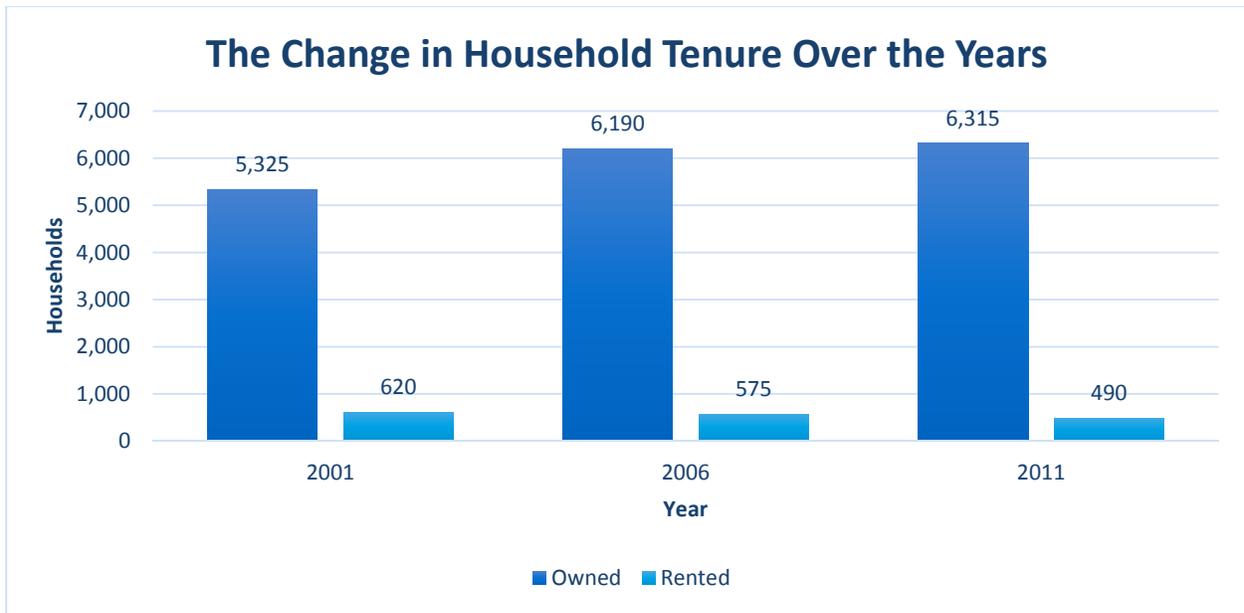
Municipality	2011	2016	2021	2026	2031	% Change 2016-2031
South Frontenac	6,800	7,355	7,855	8,330	8,715	18.5%
Frontenac County	10,900	11,385	12,090	12,735	13,295	16.8%

Source: Statistics Canada Census Profiles, 2011; Watson & Associates Economists Ltd., Population, Housing and Employment Projections for the Frontenacs, June 2014

Tenure

In South Frontenac, most individuals own their home. This relationship can be seen in Figure 1. Since 2001, the number of homeowners have increased to 6,315, which indicates a 19% change. However, renters have decreased from 620 in 2001 to 490 in 2011. This represents a 21% decrease over the 10-year span. These findings suggest that owning one's home is the more favoured option, especially for newer households, and that rental units are declining in real terms in the Township. This trend may start to reverse if interest rates rise and seniors seek more affordable housing alternatives.

Figure 1: Housing Tenure in South Frontenac



Source: Statistics Canada Census Profiles 2001 - 2011

Income

Since 2000, household income has increased for the residents of South Frontenac. In 2000, the median household income was \$55,319, which later increased to \$81,664 in 2010 and \$90,286 in 2016. Between 2000 and 2010, the median household income experienced a 47.6% increase, while by 2016 it experienced a 63.2% increase. From 2010 to 2016, there has been a 10.6% increase. Similarly, the average household income in 2000 (\$61,469) grew by 49.1% in 2010 (\$91,678) and 64.9% by 2016 (\$101,357).

In terms of individual income for the residents of the Township, strong growth has been experienced as well. In 2000, the median individual income was \$25,525, which later increased to \$38,216 in 2010 and \$42,251 in 2016. Between 2000 and 2010, median individual incomes experienced a 49.7% increase, while in 2016 they experienced a 65.5% increase. From 2010 to 2016, there has been a further 10.6% increase. Similarly, individual average income in 2000 (\$29,786) grew by 45.9% in 2010 (\$43,453) and 61.3% in 2016 (\$48,041).

Table 5: Township of South Frontenac Household Income

Income	2000	2005	2010	2016	% Change 2000-2010	% Change 2000-2016	% Change 2010-2016
Median	\$55,319	\$70,297	\$81,664	\$90,286	47.6%	63.2%	10.6%
Average	\$61,469	\$74,988	\$91,678	\$101,357	49.1%	64.9%	10.6%

Source: Statistics Canada Census Profiles 2001 - 2011

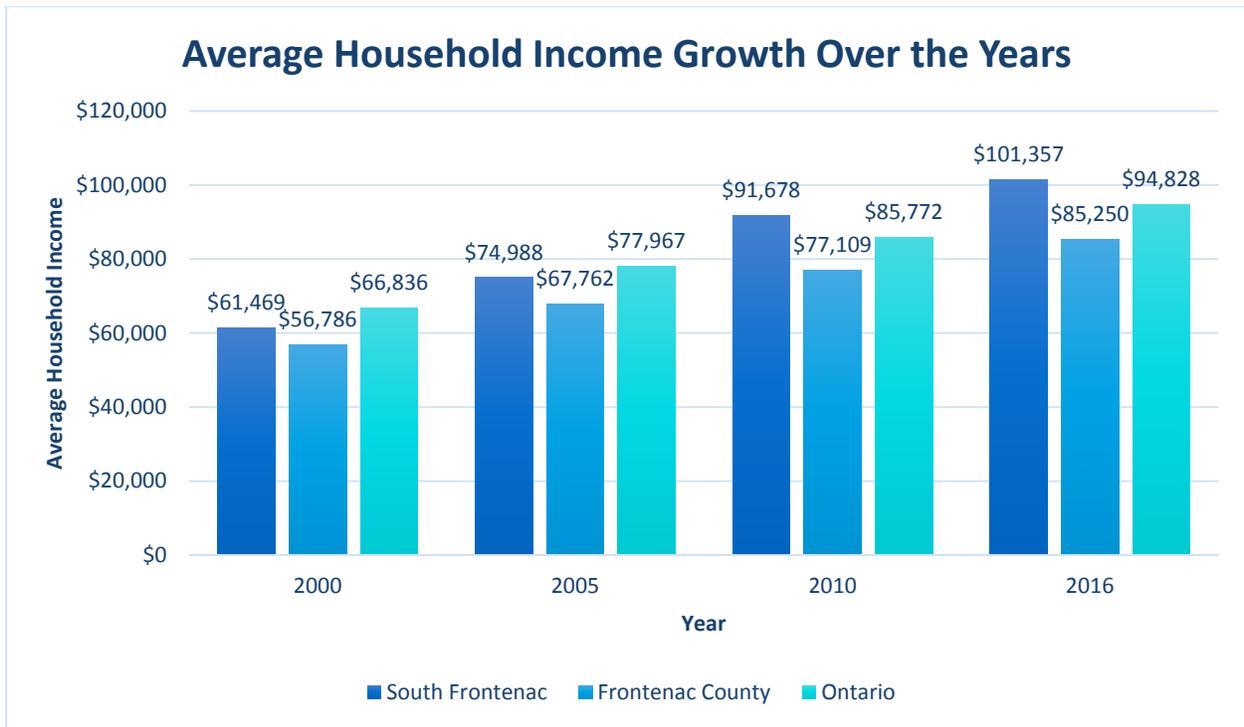
Table 6: Township of South Frontenac Individual Income

Income	2000	2005	2010	2016	% Change 2000-2010	% Change 2000-2016	% Change 2010-2016
Median	\$25,525	\$31,068	\$38,216	\$42,251	49.7%	65.5%	10.6%
Average	\$29,786	\$35,786	\$43,453	\$48,041	45.9%	61.3%	10.6%

Source: Statistics Canada Census Profiles 2001 - 2011

Over the last 16 years, the average household income in South Frontenac has been growing at a faster rate than the County and the Province. Ever since 2000, households in the Township have had a consistently higher average household income than the County. From 2010 to 2016, the average household income in the Township surpassed that of the County and the Province. Thus, it is projected that the average household income of South Frontenac, as well as the median household income, will continue to increase at a faster rate than its comparators in the coming years. This points to a need to ensure that a seniors housing project includes a strong component of units available at full market rent.

Figure 2: The Growth of Average Household Income (2000-2016)



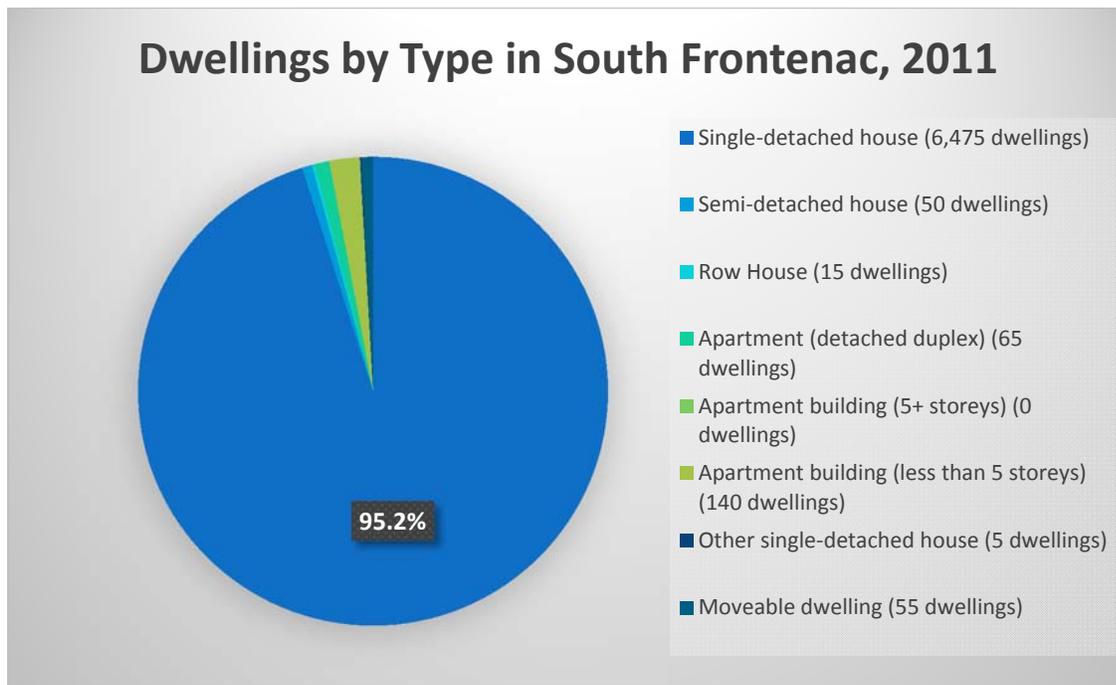
Source: Statistics Canada Census Profiles 2001 - 2011

Dwellings

In terms of dwelling type, the housing stock in South Frontenac is not very diverse. Single-detached dwellings comprise 95.2% (6,475) of all dwellings in the Township. In 2011, there were only 50 (0.7%) semi-detached dwellings and 15 (0.2%) row houses. As for apartments, there were 65 detached duplexes (1.0%) and 140 units in apartment buildings (2.1%) with less than 5 storeys. There were no apartment buildings that had 5 or more storeys. Additionally, there were 55 moveable dwellings (0.8%) and 5 other types of single-detached houses (0.1%). These statistics show the lack of available housing options that are suitable for seniors in the Township.

Similarly, the majority of dwellings in the County are single-detached dwellings (95.3% or 9,895 dwellings). The remaining 490 dwellings consist of low-rise apartment units (1.8%), movable dwellings (0.9%), detached duplex apartments (0.9%), semi-detached dwellings (0.8%), and a few row and other single-detached dwellings. These counts have not changed much since 2000, since 93.9% of all dwellings were single-detached dwellings.

Figure 3: Dwellings by Type



Source: Statistics Canada Census Profiles 2011

Seasonal Dwellings

Traditionally, seasonal dwellings (a non-permanent form of housing) have accounted for approximately 40% of Frontenac County's total dwellings. From 2001 to 2011, all of the Townships in the County experienced a decrease in seasonal dwellings due mainly to the conversion of seasonal dwellings to permanent ones (a decrease from 42% in 2001 to 38% in 2011). In 2011, the 3,000 seasonal units in South Frontenac accounted for 37.1% of all seasonal dwellings in the County. However, by 2031 it is expected that fewer seasonal dwellings will be constructed, causing the proportion to drop slightly to 36.2%. In fact, from 2011 to 2031 seasonal dwellings are only expected to grow by 1.5% in the Township and increase by 4.0% in the County, suggesting a higher conversion rate to permanent dwellings within South Frontenac.

Table 7: Seasonal Dwellings (Units)

Municipality	2011	2016	2021	2026	2031	% Change 2016-2031
South Frontenac	3,000	3,015	3,030	3,040	3,045	1.5%
Frontenac County	8,090	8,190	8,280	8,350	8,410	4.0%

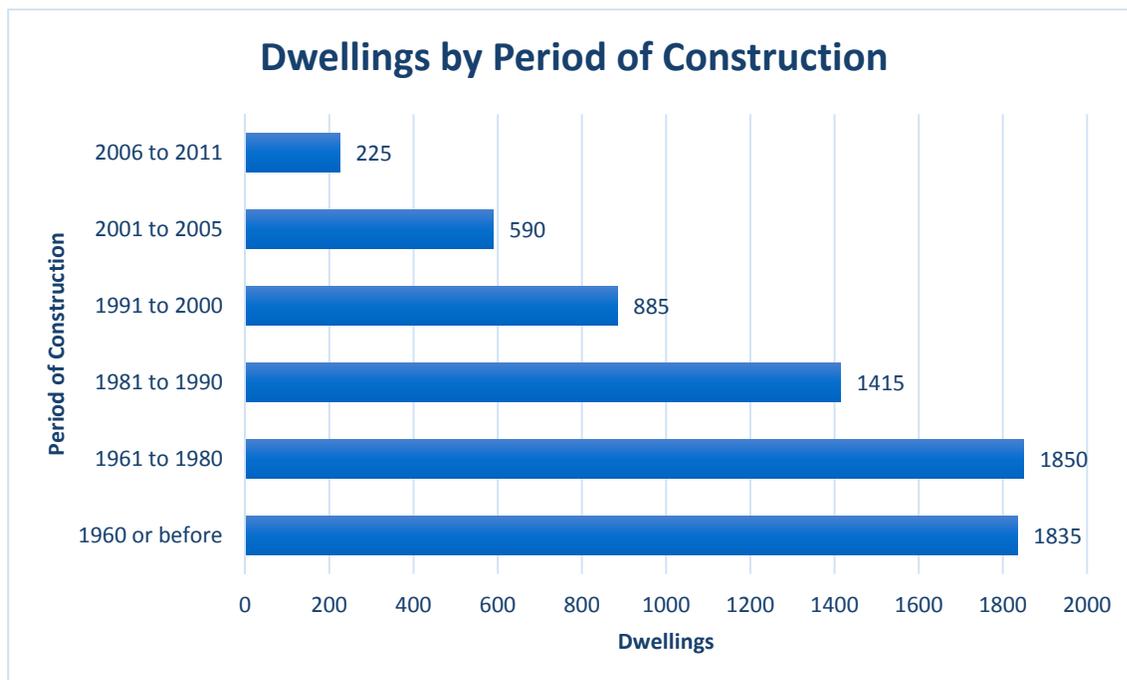
Source: Statistics Canada Census Profiles, 2011; Watson & Associates Economists Ltd., Population, Housing and Employment Projections for the Frontenacs, June 2014

Age and Condition of Dwellings

In terms of the condition of dwellings in the Township, very few require major repairs. In 2011, only 500 dwellings (7.24%) required major repairs, while 6,300 dwellings (92.6%) only required regular maintenance or minor repairs. This result suggests that the Township's housing stock is in good shape, as reflected by 2001 statistics where regular maintenance or minor repairs made up 93% of the total share, while major repairs remained stable at 7%.

In South Frontenac, the bulk of the housing stock was built from the pre-1960s to the early 1990s. In fact, dwellings constructed between the pre-1960s and 1980 make up 54% of the total housing stock seen today. Those constructed from 1981 to 1990 consist of 20.8% of the total share. After 1991, fewer dwellings were constructed in the Township and from 2006 to 2011 only 225 (3.3%) dwellings were added to the stock.

Figure 4: Dwellings by Period of Construction in South Frontenac



Source: Statistics Canada Census Profiles 2011

Residential Development Potential

Several policy documents and legislation, such as the Provincial Policy Statement and the Official Plans for the Townships within the County, all support new residential development in designated settlement areas. As of June 2014, Watson and Associates (2014) stated that 2,569 hectares of vacant land are designated as areas of settlement. As seen in Table 8, about 1,498 hectares of vacant designated land is available for development in South Frontenac, which comprises 58.3% of all the available land in the

entire County. This data tends to correlate with population and dwelling counts, suggesting that most growth in the County will occur in this area. The development of a new seniors facility in Sydenham would be consistent with these growth expectations.

Table 8: Overview of Vacant Lands Designated as Settlement Areas by Municipality

	Vacant Designated Land (Hectare)	% of Total Land within Settlement Areas
North Frontenac	647	25.2%
Central Frontenac	411	16.0%
South Frontenac	1,498	58.3%
Frontenac Islands	13	0.5%
Frontenac County	2,569	100.0%

Source: Watson & Associates (June 2014). Population, Housing and Employment Projections for the Frontenacs

Ownership Housing Market

As previously stated, 92.8% (or 6,315) dwellings in South Frontenac were owned in 2011, which is an increase of 990 units from 2001. This finding confirms that homeownership is the most dominant form of tenure and that it is growing in demand, although, as noted earlier, this trend could change in future.

The Census reported that house prices in South Frontenac increased as well from 2000 to 2010. The average dwelling value in 2010 was \$336,568, while in 2000 it was \$157,956. During this 10-year span, house prices have increased by 113%, which may be attributable to the construction of larger homes, the conversion of seasonal dwellings to permanent ones and lower interest rates. Similarly, the County experienced a 95.7% increase in average house prices in the same time, from \$155,557 in 2000 to \$304,496 in 2010.

These housing price trends continued to grow in 2016 as well. Due to the lack of current housing price data for South Frontenac and surrounding municipalities, it is projected that the average house price in the Township was approximately \$372,244 in 2016, which is a 10.6% increase since 2010. In a similar fashion, housing prices in Frontenac County are expected to grow by 10.6% as well, causing homes to cost \$336,773 on average.

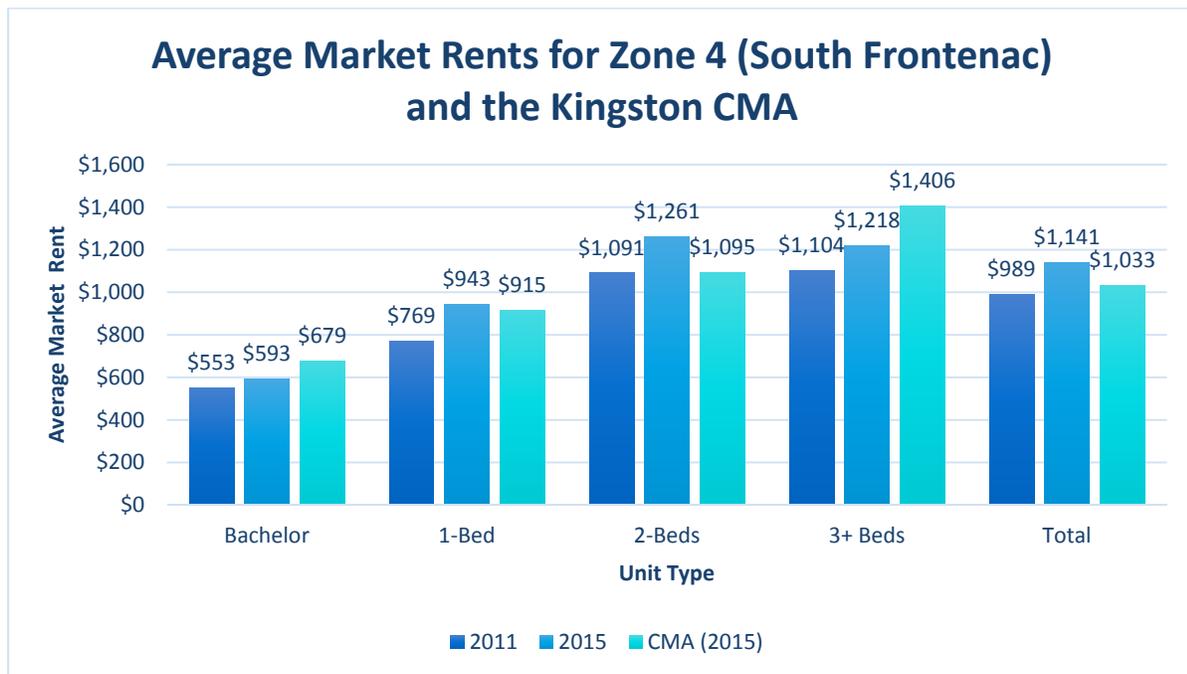
Moreover, in 2011 the percentage of homeowners with a mortgage was 55.2%, meaning that a large share of South Frontenac households do not have a mortgage (i.e. 44.8%). These numbers are nearly identical to those found within Frontenac County. Given that many local homeowners are seniors, this figure demonstrates that a large number of them possess significant assets, which means they would have the capacity to afford market rent units in any new seniors housing project.

Rental Housing Market

In Frontenac County, there were a total of 800 rental units (8.7% of dwellings) in 2011, which have decreased over the years. In comparison, in 2011 South Frontenac experienced a loss of 130 renter-occupied dwellings, which translates to a decrease of 21% since 2001. These findings suggest that there is a very limited supply of rental units within these areas, and that supply is decreasing, resulting in less housing choice. It also appears that rental units are not affordable for most renters. In 2011, while 5.1% of tenants in the Township are in subsidized housing, approximately 58.8% of renters spend 30% or more of their income on shelter costs. Furthermore, average monthly shelter costs have increased by 31% in the last 10 years, from \$627 in 2000 and \$821 in 2011.

Although average market rent for Frontenac County and South Frontenac are not reported by CMHC due to data suppression, they are however tracked for the Kingston CMA and its surrounding municipalities, which are aggregated as zones. The data in Figure 5 derives from the entire Kingston CMA and Zone 4 of the CMA, where South Frontenac is located. In 2015, average market rents for the Zone 4 area (including South Frontenac) were \$593 for bachelor units, \$943 for 1-bedroom units, \$1,261 for 2-bedroom units, and \$1,218 for 3-bedroom units. Overall, from \$989 in 2011 to \$1,141 in 2015, the average market rent for all unit types has increased by 15.4% for municipalities like South Frontenac. Typically, as unit types grow in size, so too does the cost of rent. In some instances, such as with 1-bedroom and 2-bedroom units, the rents found in South Frontenac and others within Zone 4 in 2015 tend to be higher than the CMA averages. For those seniors on fixed pensions and other low income sources, these rents are moving out of reach, demonstrating that there should be some below market rents in any new seniors housing project.

Figure 5: Average Market Rents (2011 and 2015)



Source: CMHC Market Rent Surveys, 2011 and 2015

Overall from 2011 to 2015, vacancy rates for rental units have increased for municipalities like South Frontenac in Zone 4 of the CMA. In 2011 the vacancy rate was at 0.8%, which later grew to 4.9% for all unit types in 2015. In the last four years, the most growth occurred for 1-bedroom, 2-bedroom, and 3-bedroom units. The vacancy rates for rental units in Zone 4 are higher than those in the rest of the CMA. The CMA vacancy averages are 0.9% for bachelors, 2.5% for 1-bedrooms, 3.1% for 2-bedrooms, and 2.9% for 3-bedrooms. In general, the vacancy rate for all units are 2.8% in the Kingston CMA for 2015. A vacancy rate of 3.0% is considered by CMHC to be a rental market in balance between demand and supply.

Table 9: Vacancy Rates for South Frontenac and Surrounding Municipalities in Zone 4

Zone 4 of Kingston CMA*					
Year	Bachelor	1-Bed	2-Beds	3+ Beds	Total
2011	**	2.2	0.2	0	0.8
2012	0	2.1	2.3	0	2.1
2013	**	1.3	1.4	0.6	1.3
2014	3.8	3.2	1.9	4.6	2.5
2015	3.4	5	5.2	2.2	4.9

Source: CMHC Housing Market Portal and Rental Housing Market Report, October of every year

*Zone 4 includes South Frontenac and other municipalities outside of Kingston

**Data suppressed or not available

Affordability and Shelter Costs

A useful approach to understand if there is an affordability problem in a municipality is to analyze how many residents pay 30% or more of their income on shelter costs. CMHC considers any households paying 30% or more of household income on shelter costs to have an affordability problem. In South Frontenac, the number of homeowners that paid 30% or more on shelter decreased by 15.9% from 2001 to 2011. In 2001 there were 860 households (16.6%); that later decreased to 723 (11.9%) in 2011. On the other hand, renters who pay 30% or more have increased by 15.2% in the same time frame. For instance, in 2001 there were 250 rental households (41%) which later increased to 288 (58.8%) in 2011. These results mirror those experienced within Frontenac County. These findings suggest that many renters are struggling with housing costs in the South Frontenac due to increasing rents and diminishing supply.

As shown in Table 10, rental housing is affordable for a select few households in South Frontenac. With average market rent in 2010 being \$989 and increasing to \$1,261 in 2016, those who are unable to afford these rents include many one-person households, renter households, and renters in core housing need. In order to afford these rents in 2016, most households would need to have incomes of \$50,450 or more

and this figure has climbed since 2010 (\$39,600). Hence, it appears that affordable rental housing is increasingly a challenge for select household groups.

Table 10: Average Household Income to Average Market Rent (AMR) in South Frontenac

	2010	2016*
Average Household Income of All Households	\$91,678	\$101,357
Affordable Rent	\$2,292	\$2,534
Median Household Income of All Households	\$81,664	\$90,286
Affordable Rent	\$2,042	\$2,257
Average Household Income of One-Person Households	\$42,988	\$47,527
Affordable Rent	\$1,075	\$1,188
Average Household Income of Renters	\$43,349	\$47,926
Affordable Rent	\$1,084	\$1,198
Average Household Income of Renters in Core Need	\$21,829	\$24,143
Affordable Rent	\$546	\$604
Average Market Rent (AMR)	\$989	\$1,261
Required Income to Afford AMR	\$39,600	\$50,450

Source: Statistics Canada Community Profiles 2011 and 2006 and National Household Survey 2011; CMHC Housing Information Portal; SHS Calculations based on 30% of income spent on rent

*2016 household incomes are estimated based growth rate of the Ontario's CPI

Loughborough Housing Corporation Waiting List Data

Loughborough Housing Corporation (LHC) operates a portfolio of 55 social housing units primarily serving senior citizens in the Sydenham area. About half of these units are rented at market rent and the other half are rented on a rent-geared-to-income basis. About three quarters of the units are one bedroom units and one quarter are two bedroom units.

The LHC waiting list and related data are additional indicators of the need for seniors housing, as shown in Tables 11-14. The tables show that the number of applicants on the LHC waiting list has consistently remained in the 75-80 range for the past five years. By far the majority of applicants are seeking market rent units. About half of the applicants are seeking one bedroom units, a quarter are seeking two bedroom units and the remainder are seeking either. The data show that only a handful of units are turning over annually (approximately 6-7 on average), which means that it could take 10 years for all current applicants to be housed. Market rents being charged are highly affordable – well below current CMHC market rents for the area. The units are primarily targeted to seniors.

These observations provide further evidence of the need to expand the supply of affordable rental housing for seniors, as the current waiting period is extremely long and few other options are available to seniors in the area.

Table 11 Loughborough Housing Corporation - Waiting List, 2010-2016

Waiting List Figures		2010	2011	2012	2013	2014	2015	2016
RGI (one bed)	low	4	3	14	4	4	1	5
	high	7	10	17	18	6	14	11
	avg.*	6	7	16	11	5	8	8
Market	one bed	19	19	27	29	33	33	34
	two bed	21	17	20	19	22	23	21
	either	0	10	15	12	17	15	13
	Total	40	46	62	60	72	71	68
Total Wait List		46	53	78	71	77	79	76

Note: *average for RGI units derived from low/high wait list figures

Table 12 Loughborough Housing Corporation - Waiting List Share 2010-2016

Waiting List Share	2010	2011	2012	2013	2014	2015	2016
RGI	12.1%	12.4%	20.0%	15.5%	6.5%	9.6%	10.5%
Market	87.9%	87.6%	80.0%	84.5%	93.5%	90.4%	89.5%
Total	100%						
one bed	53.8%	48.6%	54.8%	56.3%	49.4%	51.6%	55.3%
two bed	46.2%	32.4%	25.8%	26.8%	28.6%	29.3%	27.6%
either	0.0%	19.0%	19.4%	16.9%	22.1%	19.1%	17.1%
Total	100%						

Source: Loughborough Housing Corp.

Table 13 Loughborough Housing Corporation - Annual Unit Turnover 2010-2016

Applicants Housed

RGI	4	2	2	6	3	6	0
Market	2	4	0	0	0	1	1
Total	6	6	2	6	3	7	1

Annual turnover rate 10.9% 10.9% 3.6% 10.9% 5.5% 12.7% 1.8%

Source: Loughborough Housing Corp.

Table 14 Loughborough Housing Corporation - General Information

General Information	Unit Mix					2017 Market Rents	
	RGI	Market	Total	One bed	Two bed	One's	Two
4377 William St. (Maple Ridge)	15	15	30	24	6	\$ 678	\$ 770
4361 William St. (Meadowbrook)	13	12	25	18	7	\$ 661	\$ 759
Total	28	27	55	42	13		
	50.9%	49.1%	100.0%	76.4%	23.6%		

Notes:

Geared to seniors, primarily 65+ but younger permitted on cascading age policy basis (uncommon)

3 units are considered modified/accessible, have been occupied for 7+ years, no one waiting for them

Rents include electricity and water

Source: Loughborough Housing Corp.

Summary of analysis

As a result of the above analysis, demographic and housing profiles for South Frontenac Township have been established that show:

- More than 18.5% of the of the Township's population are seniors and this population in expected to grow at a rate faster than any other segment of the population.
- An expected growth of 1750 households in the next 20 years demonstrates the need for steady growth in the supply of housing in South Frontenac.
- Household income has grown strongly in South Frontenac in recent years. This points to the need to ensure a range of rent levels within a new seniors housing project to enable a wider range of housing choices in South Frontenac for seniors at all points on the income scale.
- The majority of dwellings (over 90%) are ownership tenure and trends continue to show senior owners are staying in their homes longer, due in part to the lack of suitable local housing alternatives.
- The lack of new rental supply or other housing types aimed at seniors is limiting the choice of options within the South Frontenac market.
- In addition to limited housing options, renters face continued increases in rents and as a result, almost half have an affordability problem (i.e. they spend more than 30% of their gross income on housing). As a result, the new seniors housing project should include some units at below market rents.
- Waiting list data for Loughborough Housing Corporation shows a strong unmet demand for seniors units, especially at their market rent. At least half the units should be one bedroom units.

This analysis demonstrates that there is a continued demand for affordable, purpose-built rental housing and that, as the seniors population continues to grow in the Township, a greater range of options will be required to meet their needs and enable them to remain in the community. Given the commitment of County Council to contribute public dollars towards the project, there needs to be a clear public benefit, particularly in relation to affordability.

Community-based Indicators

To augment this analysis and gather local community perspectives on housing needs, a community open house session was held on November 16, 2016 at the Town Hall in Sydenham. At this session, an overview of housing needs in South Frontenac was presented as well as background on the study process. A recap of study work to date was also provided to attendees. A discussion then took place around potential sites for the project, types of amenities and services to be provided, unit mix and rent levels, governance and other key issues.

In addition, a questionnaire survey was provided in hard copy to those attending the session and on-line on the Township web-site to enable interested respondents to express their views. A total of 15 responses were received.

The key themes arising from the open house session and the questionnaire responses are summarized below.

An overwhelming majority felt there is a need for more seniors housing in South Frontenac. Most felt the greatest need was for lower end of market rental accommodation. It was felt that the gap was going to continue to grow due to the increasing seniors population in the area. About 20% of respondents would consider moving in right away; others felt they would be interested in a 5-10 year time frame.

Most respondents identified Sydenham as the area of greatest need and indicated that preference should be given to South Frontenac residents. It was emphasized that the site selected for the project should have strong access to seniors support services and good transportation linkages to the core area of Sydenham where most of the shopping, banking, health care offices, pharmacy, post office, town hall and other amenities were located.

The preferred form of housing is a one storey apartment building with self-contained apartment units for independent living. A two storey building would also be acceptable, providing it is highly accessible. Other features of interest included a courtyard, garden, shared yard space and grounds for walking, as well as a common room, common laundry area, guest suite and hobby/project room. Only one respondent felt that meals should be provided. This could potentially be addressed through linking with an external meals on wheels service. Other services that could be provided would include hairdressing and exercise classes. Several respondents emphasized that the building should be designed to enhance socialization.

In terms of unit type, most respondents favoured a mix of one and two bedroom units, with one bedroom units averaging about 650-750 sq. ft. and two bedroom units averaging 800-1000 sq. ft. It was suggested that rents should average \$800 - \$1000 per month, with a modest number of units at rent-g geared-to-income rents if possible for those seniors on low fixed incomes. It was emphasized that the building should be highly accessible to help seniors live independently.

In terms of governance, the majority felt that the facility should be owned and operated by a non-profit Board/organization. Possible options could include ownership by the Township with property management contracted to an external property management organization; a public/private partnership; or a non-profit Board with Township backing. It was felt that financial support from all levels of government was highly desirable to ensure the long term sustainability and affordability of the units, although there was some concern about the terms and conditions that might accompany such funding.

Housing Task Force Direction

On December 6, 2016, the consultants met with the Township's Housing Task Force and reviewed the findings arising from the research and consultation. The Committee expressed its support for the concept that was emerging and confirmed the following direction for preparation of the business plan:

- The project should be located in Sydenham
- A project size of 10-12 independent rental apartment units is preferred
- The property adjacent to the Grace Centre appears suitable for the project and should be given highest consideration
- Partnering in some fashion with the two community-based non-profit agencies in the area (South Frontenac Community Services Corporation and Loughborough Housing Corporation) was of interest and would enhance the success of the project
- The Township was not interested in setting up its own corporation to own or manage the facility. Given their experience in managing senior citizen housing, Loughborough Housing Corporation should be approached to determine its potential interest in managing the facility
- The preferred unit mix is 60% at market rent and 40% at affordable rent (i.e. lower end of market), although a 50/50 mix should be explored to determine if it could be sustained financially.

The following sections of this report provide a suggested concept plan for the project, based on the above direction.

PROJECT CONCEPT

This section of the business plan defines the project concept, as informed by local needs, stakeholder feedback and Housing Task Force Direction. These parameters establish the form, scale, unit mix and affordability for the prospective project. Associated amenities are also defined, recognizing the small-scale nature of the project. As a result of these attributes, configuration options for securing them are reviewed and a preferred project concept is identified. This concept is then analyzed in terms of development potential and financial feasibility in subsequent sections.

Form and scale

In terms of project form, it is clear that seniors tend to favour low rise forms which are grade-related. This building configuration is highly supportive of accessibility and eliminates the need for stairs, lifts or elevators. As such, a single storey slab-on-grade configuration offers the accessibility and straight-forward layout suitable for a project of this scale and client type. Likewise, using conventional wood frame construction and a standard slope roof for this building form would be highly economical. At the same time, it is recognized that a single storey building requires more land than a multi-storey building and that, when combined with the land area required for a septic system, creates a need for a sizeable property. Therefore, a two storey building might also be considered, which is consistent with the seniors buildings owned and operated by LHC in Sydenham.

In terms of the units themselves, demand has shown a strong affinity for self-contained apartments that are geared to seniors capable of independent living. This means that each residential unit would have its own kitchen and washroom facilities, unlike congregate living arrangements where these facilities can be shared. From that perspective, the project would be much like a typical low rise rental building. Aligning these residential units around a double-loaded corridor would also provide a high degree of efficiency.

Given the current level of demand and the stated Task Force preference for smaller scale, the proposed project is being recommended at 12 units.

Unit mix and affordability

Traditionally, seniors housing projects tend to have smaller unit sizes – either one or two bedroom units - as compared with family units, reflecting their inherently smaller household size. Furthermore, affordable seniors units tend to be predominantly one bedroom in size rather than two bedroom, a direct reflection of the rental cost of the unit. Where affordability is less of a concern, seniors projects would typically have a higher share of two bedroom units. Given the affordability profile envisioned for the project, a unit mix of 50% one bedroom and 50% two bedroom is proposed. For a project of 12 units in total, this would mean 6 one bedroom units and 6 two bedroom units.

As indicated through community feedback, there is a high degree of interest in rental tenure for the project. This is in contrast to seniors housing models that allow for ownership or some form of equity stake (i.e.

condominium, life lease, etc.). Apart from the affordability that rental accommodation provides, there was a clear sense from consultations that prospective residents who were homeowners and would be downsizing would not be interested in locking up equity in such a project. Instead they would choose to reserve the use of their equity for other retirement purposes.

The consultation and income analysis showed that a mix of market rent and affordable rent units was most desirable for the project. Funding may be available through the Investment in Affordable Housing Program administered by the City of Kingston, Service Manager for the area, to help achieve this. As such, two scenarios have been developed – one with the 6 one bedroom units rented at 80% of Average Market Rent for the area and funded under the IAH Program, and one with them at full market rent. All of the 6 two bedroom units are assumed to be rented at lower end of market rent. To encourage energy conservation and to buffer against utility cost impacts, tenants would be responsible for their own heat and hydro costs. To better facilitate this, individual unit heating/cooling systems have been assumed rather than large shared systems.

Given the affordability parameters for the project and the senior client group, it is assumed that a modest unit size would be suitable. This reflects the fact that unit size has a direct influence on overall unit cost and as such, has an impact on project financial viability. However, because many units are anticipated to rent at near market rates, they would need to provide comparable value in the market place in order to attract/retain tenants. Small-scale projects like this do not benefit from scale economies and as such, can be more expensive to build on a per unit basis. It is important therefore to rationalize built floor area with regard for maximum chargeable rent in order to support viability. With this in mind, 1 bedroom units are assumed at a size of about 600 square feet (gross floor area, GFA) while 2 bedroom units have been assumed at about 800 square feet GFA.

Amenities

In terms of in-unit amenities, it is anticipated that standard appliances would be provided (fridge + stove) along with modest storage space. It is also assumed that visitability would be provided interior to the units by maintaining open radius layouts in both the kitchen and bathroom of each suite. Building in options for grab bars in unit bathrooms is also assumed. In terms of building visitability, wider common corridors and open radius layouts in laundry and common areas would be employed. In addition to constructing the building at grade, common entry doors would provide for full accessibility. Two units would also be modified to accommodate tenants with mobility impairment, incorporating additional unit features like a roll-in shower and accessible kitchen. This would provide the ability to meet changing needs as tenants age in place. Surface parking would also be provided, recognizing that while most tenants would prefer walkability, there would be a need to provide for basic parking as well as visitor parking in accordance with zoning requirements. It is assumed that 14 parking spaces would be provided as part of the project concept.

Community consultations identified a wide range of potential amenities/features that could be included within the common area of the project. At the same time, there was a recognition that only modest opportunities for amenity space would exist for a project of this small scale. As above, scale economies for smaller projects make it challenging to add additional GFA due to the limited offsetting income potential

of this space. The more amenity space that is added, the more expensive the project is to build and operate on a per unit basis.

While there are cost pressures inherent in adding amenity space, creating opportunities for tenants to socialize in a sheltered space was highly valued by stakeholders. To strike a balance in this regard, it has been assumed that a double loaded common corridor would be used to connect all units internally, providing a common access point to the project as well as sheltered access to each unit. Modest coin operated laundry facilities would also be provided (2 pair washer/dryer) for resident convenience. Adjacent or in combination with this space, it is also assumed that a common room would be provided for the benefit of all tenants. This informal space would provide year round indoor shelter and would account for not more than 500 square feet GFA. The size and configuration of this space would be subject to adjustment based on overall building layout. In addition to small individual patio areas for each unit, a common outdoor amenity area would also be provided adjacent to the common interior space. There would also be a small property management office in the building.

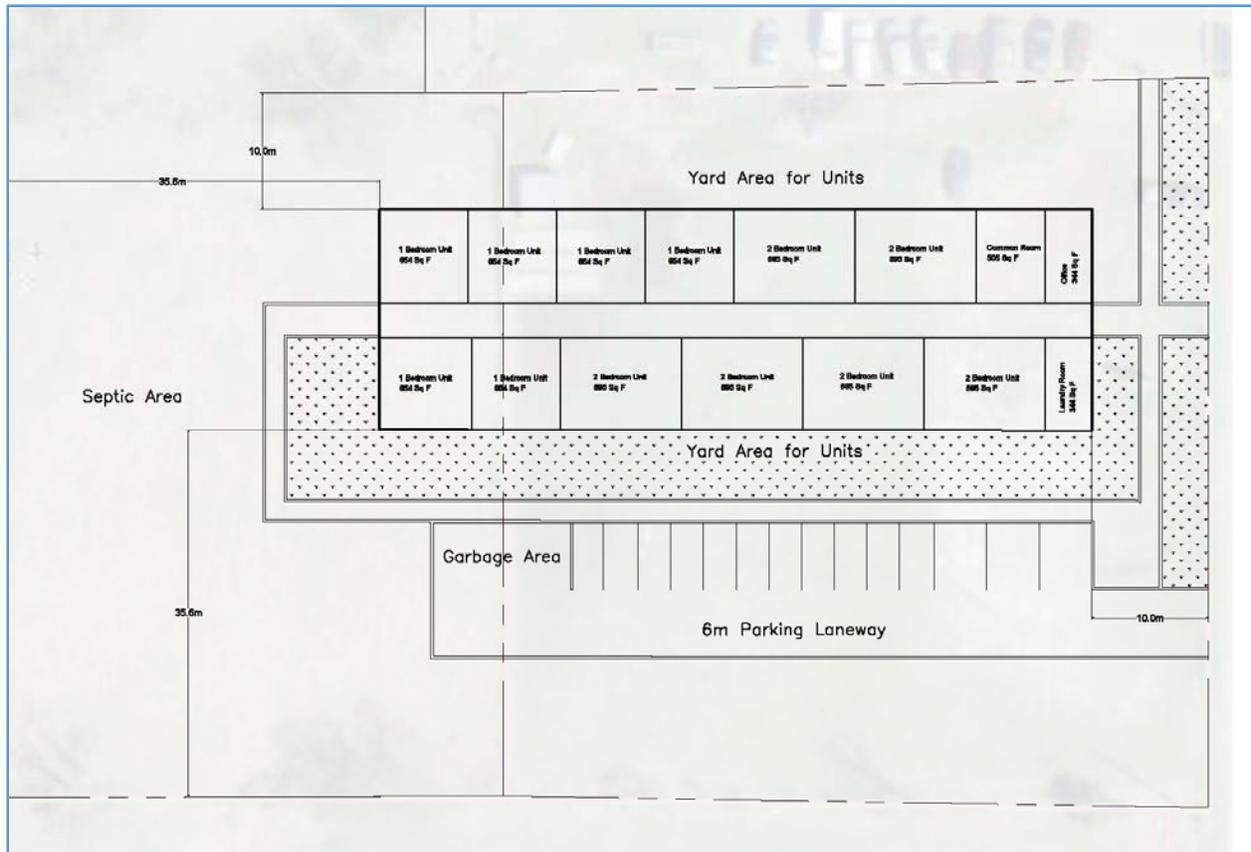
Preferred project concept

Based on evaluated needs, consultation feedback and with regard for project development experience, a preferred project concept has been developed. The proposed project concept assumes:

- 12 self-contained rental apartment units configured around a common, double loaded corridor
- Of these units, 6 would be 1 bedroom units (600 s.f.) and 6 would be 2 bedroom units (800 sq. ft.) – two units would be modified for full accessibility
- Units would be geared to seniors (65+) who are able to live independently.
- Rents charged for all units would be equivalent to 10% below CMHC average market rent for the Kingston area and would not include utilities (i.e. heat/hydro paid by tenants), unless IAH funding is obtained for the one bedroom units, which would reduce rents in those units to 80% of AMR
- Laundry facilities and a common room would be provided to accommodate tenant socialization.
- Total initial building GFA is estimated to be in the order of 10,600 s.f. (GFA)
- Building construction is anticipated to be in a single storey, slab-on-grade form with conventional wood framing and a standard sloped roof (providing sufficient land area is available for septic system)
- To facilitate aging in place, the building and the units would be designed to a visitable standard
- Surface parking for 14 spaces would be included in the project.

While the ultimate design of the project would provide for component space and the overall configuration of the building, a conceptual layout is provided for illustrative purposes in Figure 2.

Figure 6 - Conceptual Project Layout



Having established the preferred project concept, subsequent sections of this report will assess associated development considerations and evaluate the financial feasibility of the project.

DEVELOPMENT CONSIDERATIONS

A number of development considerations were examined as part of the project concept evaluation process. These included a review of possible development opportunities, options for procuring the project, as well as technical/servicing considerations. This section of the report also examines required land use approvals and sustainability features associated with the preferred project.

Potential development opportunities

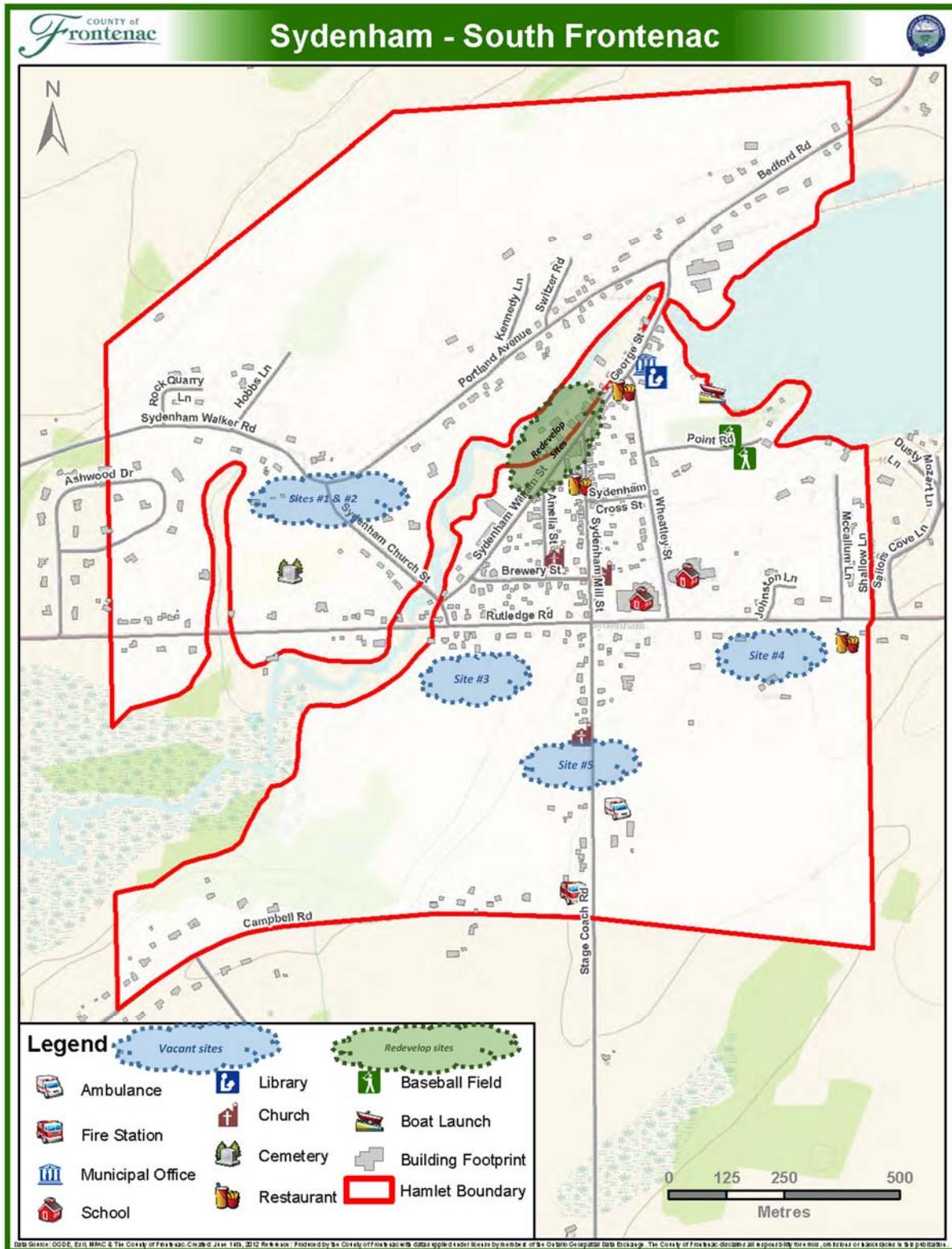
Based on existing needs, community amenities and consultation feedback, a project location within the Village of Sydenham was deemed highly desirable for siting of the project. Two general approaches to development were considered for the project based on identified opportunities in the Village; redevelopment of existing building(s) and new construction. Apart from preliminary technical reviews of each of these options, site visits were also conducted in the late fall of 2016 to assess potential for each prospective location. Given the preliminary nature of this assessment, development opportunities are discussed in general terms to maintain the anonymity of current building/land owners. General site locations as discussed below are illustrated in Figure 3.

Redevelopment and acquisition/rehabilitation opportunities

Proximity to the Village centre and its associated amenities was deemed a high priority by stakeholders, noting the desire to have walkability to the project where possible. As a mature village, the core of Sydenham is substantially developed and there are very few vacant parcels available for development, most of which are insufficient in size to accommodate the required project and its associated parking and septic system requirements. As a result, acquisition and consolidation of existing developed parcels would be required to establish a project site of sufficient size. This would entail the purchase of multiple sites and their existing structures at costs higher than vacant parcels located in the periphery of the Village. The demolition of structures and prospective remediation due to past uses would be further potential costs incurred.

William Street and to a lesser extent Mill Street are primary corridors in the Village centre along which a number of amenities are located. In fact, the Loughborough Housing Corporation maintains two affordable apartment buildings with a total of 55 units on William Street, and is well-positioned to access these amenities. No vacant structures suitable for conversion or acquisition/rehabilitation were identified through scanning with stakeholders. However, two prospective locations in this corridor were identified as having possible redevelopment potential. Upon review, it was confirmed that each would require substantive lot consolidation, re-zoning and demolition of existing structures to facilitate construction of the new project. Septic system requirements would also impact on required land area, obliging sizable lot area where costs are generally higher due to location. Given the current conditions, the costs for pursuing redevelopment in this general area were deemed higher than average and would require a significant degree of cooperation from multiple parties to facilitate.

Figure 7 - Development Opportunities Reviewed in Sydenham



By contrast, there were a number of vacant parcels identified on the periphery of the central area which offered the potential to more economically address site requirements for the project while still maintaining reasonable proximity to the village centre. As a result, neither redevelopment nor acquisition/rehabilitation options were considered to be suitable for fulfilling the requirements of the preferred development concept. Based on this cursory review, new construction on appropriate vacant lands outside the central area is considered a more appropriate option because it:

- does not require extensive land assembly with multiple parties to effect
- provides more financial and design flexibility to configure spaces in accordance with the preferred building concept
- avoids any potential issues associated with adaptive re-use or demolition of existing structures (i.e., code issues, designated substances, servicing and HVAC constraints, etc.)
- better suits the visitability/accessibility requirements of the project in a single storey configuration due to larger available site areas
- allows greater potential for expansion in the future where demand warrants

New Development Opportunities

Opportunities to accommodate the building concept via new construction were also considered as part of the review process. As the central part of the Village has been developed over the years, there are limited opportunities to accommodate new construction. In addition, the assumed floor plate of 10,600 square feet and lot requirements for septic system services mean that the minimum lot size for the preferred project concept in a single storey configuration would be in the order of 2+ acres, depending on soils conditions and surrounding uses. There are limited options in terms of vacant parcels within the Village and water servicing boundaries that could meet these requirements. While there are larger sites available beyond, piped water services are not available and extending them would not be cost effective. Locating in these outer locales would also situate the potential project even further from the array of community amenities that are resident in the central area of the Village.

As a result, five prospective locations were identified with stakeholders that lie just outside the central area. They are between a 600m and 800m distance walk from the central intersection of Mill and William Streets, and lie within the Village's piped water boundary. Access to piped municipal water is seen as highly desirable as it reduces site area and well water requirements for the project, enabling higher density and more cost-effective development.

Vacant site review

During the site visit to Sydenham in the late fall of 2016, vacant properties in five prospective locations were examined for suitability under a new construction scenario. It should be noted that all sites would require development approvals in order to accommodate the permitted use and from that perspective, were deemed equally impacted.

The first two locations are proximal to the intersection of Church Street and Portland Avenue, across the river and northwest of the Village core. While both large in size and in direct proximity to the Catarqui Trail, the parcel to the east of the intersection has limited usability due to its configuration. The parcel to the west is more useable in terms of configuration and frontage but would require a severance. Both sites

are decidedly more rural in character and do not have any adjacent amenities/services. As of this date, it is not known if the respective private owners would be willing to sell a part of their land holdings or under what terms.

A third potential site is located south of Rutledge Road off Morgan Drive, south of the Village centre. The site is located in an established subdivision and is long and narrow, with limited frontage. This configuration makes the site more challenging to use, especially in terms of accommodating the proposed unit count in a single storey configuration and providing the necessary space for a large septic bed. While somewhat more proximal to community services in the core, there are few surrounding amenities. The private owner has indicated an interest in selling the land and/or developing seniors housing, provided suitable funding was made available.

The fourth site lies farther west on Rutledge Road, in the area south of the Johnston Lane intersection. This large site would have ample room to accommodate the potential project but would require a severance to size the new parcel appropriately. Despite flexibility in parcel sizing and configuration, there are very limited amenities in proximity to these lands and they are more removed from the village core. The site is also situated on higher topography, obliging a more laboured pedestrian access from the Village centre. Inquiries regarding the site determined that the owner was not interested in selling a part of the property.

The fifth site reviewed is located on Stage Coach Road, south of Rutledge Road. The 1.7 acre parcel is fairly rectangular and flat, with ample frontage. This configuration makes the site very amenable to accommodating the required project footprint, although residual lands to the west would enhance site size for development. Initial discussions have indicated that an additional 0.7 acre parcel to the west could be secured at a reasonable cost. The primary lands are owned by the South Frontenac Community Services Corporation (SFCSC) whose community services facility (The Grace Centre) is located immediately to the north. Apart from these social services, there is an ambulance and fire station nearby. While situated within walking distance, the site location on higher topography obliges a more laboured pedestrian access from the Village centre. The owner is a community-minded organization that provides services to residents, including seniors, and has expressed an interest in seeing a seniors housing facility developed. The proximity to their service centre would enhance the attractiveness of the location for seniors.

Preferred property

The fifth property identified on Stage Coach Road has a number of strategic advantages when weighed against other vacant property options. The subject site is:

- suitable in size and has sufficient frontage to support the proposed concept
- within the piped water servicing area, thereby not requiring private water servicing
- proximal to the central area of the Village and the many amenities it offers
- directly adjacent to a social support agency that already provides services to seniors and has ambulance and fire services nearby
- owned by an organization interested in seniors housing and a potential partner for the project who could make the property available for the project under favourable conditions

The partnership opportunity with SFCSC makes this site very compelling both locationally and from a financial perspective. Securing the property and the adjacent parcel for a modest consideration would be extremely beneficial to the financial viability of the project. The opportunity to access services offered by

SFCSC at the Grace Centre is equally beneficial to the project and would provide a unique housing and service relationship for seniors in the Village.

Figure 8 - Preferred site and adjacent lands



For the purposes of this analysis and based on preliminary discussions, it has been assumed that SFCSC would be willing to provide their portion of the subject lands at a modest cost. Negotiations with the adjacent land owner would have to be undertaken to add that parcel. No environmental issues are known to exist in the vicinity of the lands in question but to ensure this, an Environmental Site Assessment would need to be undertaken as part of the due diligence process. As a vacant property, soils investigations would also be required as part of the due diligence process to confirm septic servicing parameters prior to acquisition. These costs have been included within the financial modelling.

Preferred option and procurement

With regard to development options available and given the defined project concept, there is a clear benefit to developing the proposed project under a new construction scenario rather than an acquisition/rehabilitation approach. Based on the range of potential local sites reviewed, there are some suitable development options that could be pursued for a seniors housing project. However, there is a clearly

preferred option in the form of the SFCSC site and adjacent parcel on Stage Coach Road, subject to appropriate due diligence investigations and agreement on terms with the property owner. While this preferred site is not immediately adjacent to the central Village area, there is reasonable access to amenities nearby and general walkability. The site can accommodate the building form/size currently envisioned but any potential future expansion would need to accommodate incremental servicing and land use requirements.

Typically in a new construction scenario of this type, procurement of the project would be pursued through a formal tender and fixed priced construction contract. To help guide the development process, a proponent would also engage an experienced development consultant. The role of the consultant would be to marshal the proponent through the development process, from initial concept and feasibility testing through to construction and move-in. As part of this process, the proponent would also engage an architect to undertake project design. Once design drawings and construction documents were developed and approved, the project would be tendered for pricing, either by invitation or by public tender call. This would encourage competitive pricing for the project among qualified local contractors. This is a standard procurement approach and one that is commonly used where public funds are involved.

Financial modelling assumptions have assumed a typical design and tender process with conventional construction techniques. As such, pro forma figures include development consultant, architect and contractor estimates. Only 12 units are anticipated under this initial concept but it would be prudent to design allowing for the potential expansion of the project in the future. In that regard, initial project siting should have regard for the requirements of any possible future expansion. The same holds true for the design and siting of the septic system. A wide range of septic technology exists and it would be advisable to design in the potential for future expandability for this system to help make most efficient use of the site area.

Servicing & technical considerations

As noted, there are technical and service considerations associated with project development, many of which must be considered as part of the due diligence process prior to property acquisition and configuration. In the case of the proposed project, the most basic of these is the requirement for an Environmental Site Assessment (ESA). A phase 1 ESA would be undertaken as a screen to determine if there are any potential environmental issues associated with the property. This is primarily due to legislation around environmental liability which places obligations on property owners in regards to found contaminants. While no known environmental conditions exist for the property options identified through this study, if any were discovered through the phase 1 process, a determination would need to be made as to whether to proceed with the lands in question. The current financial pro forma has allowed for a phase 1 ESA but has not included any allowance for environmental remediation.

A second consideration is soils conditions, particularly as they relate to septic system requirements. It is assumed that a class 4 septic system would be required for the project in order to meet legislated requirements. Given the vacant rural location of the proposed project, it is assumed that this system would be comprised of a distribution tank and filter bed. The size and design of such systems are based on anticipated flow calculations as well as the type/quality of the filter medium used. For that reason, the

condition of the soil on site is a key factor in determining septic system requirements. As such, pro forma assumptions have allowed for soils testing that will assist in determining septic system requirements. These same studies could also be used in determining structural bearing requirements for footings and site works. Given the preference for a single storey slab-on-grade form with wood frame construction, these requirements are anticipated to be quite minor.

It should be noted that emerging technologies are continuing to expand the range of available options to address septic requirements. In many instances, these options serve to enhance efficiency by reducing the area necessary for treatment/filter medium, thereby promoting more efficient use of land. While pro forma assumptions have allowed for a basic tank and distribution system, the result of soils analysis may identify other potential options for consideration. This would include consideration of options that could be expanded in the future to accommodate additional units. Given the siting restrictions for septic systems, it will be important to consider design options early in the development process to help inform site configuration and layout. A sizable allowance has been provided in the pro forma to account for septic design and installation.

A third consideration for the project is potable water provision. Within the Village, piped municipal water is provided and would be available at the lot frontage on Stage Coach Road. Discussions with municipal representatives have indicated that there are no service system capacity constraints as it relates to connecting at this site. Where there is consideration for a possible future expansion to the project, associated water requirements should be factored into current design, especially where it may oblige upgrades to service pipe diameter.

Hydro servicing would also need to be confirmed as part of the pre-acquisition checklist. Through the site visit process, a visual check indicated proximity to hydro service for the preferred site. However, capacity and access points for service would need to be confirmed once siting and building location are confirmed. A modest connection fee has been assumed in the pro forma construction figures. Natural gas is not commonly available in Sydenham and as such, residential heating is commonly provided through electric, oil or propane sources. Renewable energy sources are also possible (e.g. solar, wind) but would have to be evaluated on a cost/benefit basis given the small scale of the project.

Land use approvals

Land use approvals can play a significant role in project development, depending on prevailing rules and regulations. A review of local land use documents and discussions with officials confirmed that a number of land use approvals may be required to facilitate the proposed project at the preferred site. These include:

Severance – the preferred site owned by SFCSC represents the major part of the project site but there is a desire to add an additional remnant piece of land to the rear of the site to help expand the development potential and accommodate the sizeable septic system. To add this remnant piece, a severance and lot consolidation would be required to create one homogenous parcel of about 2.6 acres. It is not anticipated that issues would be encountered in securing this approval.

Official Plan Amendment (OPA) – the preferred site is designated “Settlement Area” under the Township’s Official Plan. While there are a broad range of permissions under this designation, the Plan goes on to denote Sydenham as Special Study Area and flag servicing provisions regarding minimum lot area and the ability of private septic systems to meet performance standards (e.g., minimum lot size, setbacks and separation distances). Depending on the application of these policies, an OPA **may** be required for the preferred site if servicing studies identify performance standard issues but these are not anticipated. If a site-specific OPA is required, additional studies may need to be submitted in support of the OPA (e.g. soils/servicing report) above and beyond the application and planning rationale.

Zoning Bylaw Amendment (ZBA) – under the current zoning bylaw, the preferred site and residual lands fall within the “Urban Residential - First Density (UR-1)” zone which does not allow for the proposed multi-residential use. As such, a site-specific ZBA would be required to re-zone the lands to Urban Multiple Residential (UMR) to permit the development of a seniors multi-unit housing facility. Through final building and septic system design, it may become evident that relief from other performance standards may be required and these could be handled as part of the same ZBA application. In order to expedite approvals and given the common issues involved, **IF** an OPA is required it would be prudent to make application for both the OPA and ZBA concurrently.

Building Permit – As part of the construction process, a building permit would be required, ensuring that the project was designed in conformity with the Ontario Building Code. While this approval is typically straight forward, the confirmation of septic system design would be required before a permit could be issued. As such, the approach to servicing would have to be confirmed prior to application for a building permit.

As a proponent of the seniors housing project and as the approval authority, it is not anticipated that the Township would have issues in supporting the land use approvals for the proposed project. That said, there are mandatory public consultation requirements associated with most of these approval processes and rights of public appeal on municipal decisions. Appeals of decisions could result in delays and add costs to overall project development. Provided that care was taken in addressing the concerns of neighbours through the planning process, it should be possible to secure necessary approvals.

Each of the approvals processes also involve the remittance of fees which would add development costs to the project. Given the small scale of the project and given that the Township is a primary proponent of the project, it is assumed in pro forma modelling that application fees would be waived by the Township.

Sustainability

An important lens for project development is the County’s sustainability principles, as articulated in “*Directions for our Future: County of Frontenac Guide to Sustainability*”. A stated objective of this business plan is to ensure that the proposed project concept supports sustainability objectives. In comparing the proposed project concept with “*Directions for our Future*”, it’s clear that a number of objectives are being promoted across a range of sustainability areas. These include:

- *Land use planning/management* – the efficient and orderly development of vacant lands in a compact footprint, allowing for future expandability as warranted
- *Energy* – the inclusion of energy efficient building features and conservation measures that can be adapted over time (e.g. low voltage lighting, occupancy sensors in common areas, etc.)
- *Water* – having safe, effective waste management systems (i.e. septic) that protect groundwater and features that promote conservation (e.g. low flow faucets, toilets)
- *Solid waste management* – reduction in solid waste through the use of recycling and composting
- *Transportation* – encouraging walkability and pedestrian access to the Village centre
- *Housing* – providing more diversity in housing choice, encouraging ‘aging in place’ for area residents and promoting quality, compact design

While pursuing sustainability practices is a prime consideration of the County, it is recognized that utilizing certain green and renewable energy technologies can be cost-prohibitive for projects of a smaller scale. In these instances, the payback period can be unrealistic for the upfront investment required. For that reason, practical, modest cost features are encouraged to promote energy efficiency. These can include things like:

- Solar orientation of the building
- Added insulation in roof and walls
- Efficient thermal windows and doors
- High efficiency HVAC systems

FINANCIAL FEASIBILITY

A key part of determining a project's viability involves assessing its financial feasibility. At the initial concept phase, this feasibility is based on preliminary assumptions, recognizing that a project's composition can change as the concept is refined. Throughout a project's development, this feasibility is tested repeatedly at key milestones as estimates, costs and assumptions are refined. This process enables continued viability checks leading up to the point of construction and allows for decision-making at key milestones as to whether to proceed.

For the purposes of this business plan, financial feasibility has been based on preliminary estimates and assumptions that reflect the current project concept. It is fully expected that as this concept evolves, financial parameters would need to be reviewed and re-tested to ensure continued viability.

Two development scenarios have been created for the purposes stated above.

Option 1 includes 6 one bedroom units funded through the Investment in Affordable Housing (IAH) capital funding program. In this scenario, rents for funded units are set at 80% of average market rent (AMR), receiving \$150,000 per unit. The remaining 6 two bedroom unit rents are set at 90% AMR and do not receive capital funding from this program. The outcome of this scenario requires an estimated additional equity contribution of about \$350,000 beyond the County commitment of \$350,000 to make it financially feasible.

Option 2 does not receive capital funding from the IAH program. Rent amounts for the one bedroom units are set at 100% AMR and for the two bedroom units are set at 90% AMR. The outcome of this scenario requires an estimated equity contribution of about \$1,095,000 beyond the County commitment of \$350,000 to make it financially feasible and to offset the absence of the capital funding mentioned above.

Project assumptions/parameters

As an integral part of the business plan, the project must demonstrate financial self-sufficiency in order to attract financing commitments. Therefore, the pro forma must clearly show that the operation of the project will generate sufficient revenues to cover debt service (i.e. mortgage), operating costs and funding of a capital reserve, all while achieving a positive debt service ratio.

In order to achieve operational viability, capital costs and associated borrowing requirements must be minimized where possible. Contributions to offset capital costs are also used to reduce debt service costs for the project (i.e. mortgage payments) and in that regard, a number of funding sources have been identified to meet these costs.

General assumptions utilized in the financial analysis of the project are as follows:

- 12 units total – 6 @ 1 bedroom (590 sf/unit) and 6 @ 2 bedroom (805 sf/unit)
- Total buildable area – 10,636 sf (GFA), including modest amenity space
- Building construction – single storey slab on grade, wood frame with standard sloped roof

- Servicing – Township water and septic system
- Procurement - design/tender (stipulated price contract)
- Financing – conventional mortgage via private lender with CMHC insurance
- Contributions – fees waivers and capital contributions from County, land at nominal cost, one scenario assumes IAH funding for 6 units (\$150,000 x 6 = \$900,000) for option 1
- Owner status – non-profit housing corporation

Using these guiding assumptions, a financial plan for the proposed project has been established and tested for feasibility. The following sections identify the estimated capital and operating costs of the proposed project as well as the funding and capital equity requirements. In addition to detailed assumptions that are discussed in the sections following, summary pro forma tables are also provided in Appendix B that help to clarify the basis for the estimates used.

Estimated capital budget

Capital costs are those costs associated with establishing the project and include land, construction and associated development costs. The table below is a general summary of the overall estimated capital costs for the proposed seniors housing project.

Table 15 - Estimated Capital Budget – Option 1 (6 units funded under IAH Program)

Capital Costs	
<i>Soft Costs</i>	
Building Consultant Costs	\$294,828
Site Costs	\$30,000
Legal and Organizational Costs	\$65,000
Financing Costs	\$47,761
Fees and Permits	\$103,889
Contingency	\$54,198
SOFT COSTS TOTAL	\$596,178
<i>Hard Costs</i>	
Construction Costs	\$1,986,544
Land Costs	\$20,100
HARD COSTS TOTAL	\$2,006,654
HST	\$318,807
TOTAL CAPITAL COSTS	\$2,922,636

The total capital costs for the proposed project under this configuration are estimated to be **\$2,922,636**. This total includes hard costs (land and construction) of \$2,006,654 and soft costs of \$596,178. It also includes an HST amount of \$318,807. Details regarding component capital costs are identified below. Total capital costs would be offset by the financial resources and funding outlined in Section 5.4 below.

Table 16 - Estimated Capital Budget – Option 2 (no units funded under IAH Program)

Capital Costs	
<i>Soft Costs</i>	
Building Consultant Costs	\$294,828
Site Costs	\$30,000
Legal and Organizational Costs	\$65,000
Financing Costs	\$58,612
Fees and Permits	\$103,889
Contingency	\$55,283
SOFT COSTS TOTAL	\$608,112
<i>Hard Costs</i>	
Construction Costs	\$1,986,544
Land Costs	\$20,100
HARD COSTS TOTAL	\$2,006,654
HST	\$321,135
TOTAL CAPITAL COSTS	\$2,935,900

The total capital costs for the proposed project under this configuration are estimated to be \$2,935,900. This total includes hard costs (land and construction) of \$2,006,654 and soft costs of \$608,112. It also includes an HST amount of \$321,135. Details regarding component capital costs are identified below. Total capital costs would be offset by the financial resources and funding outlined in Section 5.4 below.

Soft Costs

Soft costs account for the many items/tasks necessary to design and bring the project to the point where construction can occur. Soft costs for the proposed project are assumed to include:

- *Building consultant costs* – includes architect and development consultant costs as well as associated disbursements
- *Site-related costs* – includes site surveying, technical testing and a phase 1 environmental site assessment
- *Legals and organizational expenses* – includes legal and organizational expenses as well as capital audit, appraisal and property taxes during construction
- *Financing costs* – includes interest during construction as well as lender fees and mortgage insurance premiums (CMHC insured mortgage)
- *Fees and permits* – these include development application fees, development charges and permit fees (offsets for these costs are identified in Section 5.4)
- *Contingency* - a contingency of 10% has been included to account for unforeseen soft cost variances

Hard Costs

Hard costs account for land, construction and associated costs for building and fitting up the project. For the proposed project, hard costs are assumed to include the following:

- *Construction costs* – base costs are assumed at \$160/sf (GFA) and reflect build-on-site construction
- *Site servicing* – includes costs for water hook-ups, installation of new septic bed and hydro connection fees
- *Appliances* - includes costs for in-unit appliances (fridges/stoves) as well as washer/dryer facilities in the common area
- *Escalation and contingency* – assumed at 10% of construction cost + site servicing costs to account for unforeseen costs/charges
- *Land* – cost of \$20,000 (based on key informants) + land transfer taxes
- *Harmonized Sales Tax* – assumed as applicable for total capital costs

Estimated operating budget

Once built, there are on-going costs associated with operating and maintaining a project. The table below is a general summary of the overall estimated operating costs for the first year of operation for the proposed seniors housing project.

Option 1

The total operating costs for the proposed project under this configuration are estimated to be \$106,538. This total includes maintenance and administration costs, as well as mortgage costs and capital reserve contributions. HST payable and associated rebates have also been factored into these costs. Net revenues are projected at \$115,992 and include rents, laundry revenues and vacancy loss. As a result, a net annual surplus of \$9,001 is projected which translates into a debt coverage ratio of 1.20, which demonstrates financial feasibility. Details regarding component costs and revenues are identified in the section that follows.

Option 2

The total operating costs for the proposed project under Option 2 are estimated to be \$115,711. This total includes maintenance and administration costs, as well as mortgage costs and capital reserve contributions. HST payable and associated rebates have also been factored into these costs. Net revenues are projected at \$126,084 and include rents, laundry revenues and vacancy loss. As a result, a net annual surplus of \$10,314 is projected which translates into a debt coverage ratio of 1.20, which demonstrates financial feasibility. Details regarding component costs and revenues are identified in the section that follows.

Table 17 - Estimated Year One Operating Budget – Option 1 (6 units funded under IAH Program)

Operating Budget	
<i>Estimated Operating Revenue</i>	
Rental Income from Tenants	\$115,992
Laundry Revenue	\$3,120
Vacancy Loss	-\$3,573
Total Operating Revenue	\$115,539
<i>Estimated Operating Expenses</i>	
Maintenance – Wages, Materials and Services	\$15,000
Heat & Water	\$7,200
Electricity	\$1,920
Property Management Fee	\$7,590
Other Administrative Materials & Services	\$3,000
Capital Replacement Reserves Contribution	\$5,203
Insurance	\$2,400
Property Taxes	\$16,200
HST	\$3,456
HST Rebate	-\$0
Mortgage Payments	\$44,569
Total Operating Expenses	\$106,538
Net Operating Income	\$53,570
Debt Service	\$44,569
Debt Coverage Ratio	1.20
NET OPERATING PROFIT/LOSS	\$9,001

Table 18 - Estimated Year One Operating Budget – Option 2 (no units funded under IAH Program)

Operating Budget	
<i>Estimated Operating Revenue</i>	
Rental Income from Tenants	\$126,864
Laundry Revenue	\$3,120
Vacancy Loss	-\$3,900
Total Operating Revenue	\$126,084
<i>Estimated Operating Expenses</i>	
Maintenance – Wages, Materials and Services	\$15,000
Heat & Water	\$7,200
Electricity	\$1,920
Property Management Fee	\$7,570
Other Administrative Materials & Services	\$3,000
Capital Replacement Reserves Contribution	\$5,203
Insurance	\$2,400
Property Taxes	\$18,000
HST	\$3,454
HST Rebate	-\$0
Mortgage Payments	\$63,747
Total Operating Expenses	\$115,711
Net Operating Income	\$62,338
Debt Service	\$52,024
Debt Coverage Ratio	1.20
NET OPERATING PROFIT/LOSS	\$10,314

Operating Revenue

The operating revenue refers to the ongoing income for the project and would include such components as rental income, sundry income and funding contributions. The sources of revenue during the operational phase of this seniors housing development are expected to include only rental income from tenants and laundry revenue.

Operating revenues in the first year are assumed to include the following:

- *Rental income* – rents are based on rent levels for CMHC Zone 4 of the Kingston area
- *Laundry revenue* - laundry revenue generated from coin-operated machines has been estimated at \$3,120 annually
- *Vacancy loss* – throughout a typical year, vacancies can occur due to the timing of move-ins and move-outs. An allowance of 3% of revenue has been used to account for this loss.

While not defined in first year budget figures, it is anticipated that the annual increase in tenant income will be based on the average rate of change of the Ontario Rent Increase Guideline over the last five years.

Operating Expenses

Operating expenses include regular day-to-day costs for running the housing project, such as maintenance and services, utility costs, property taxes, landscaping, property management, insurance, administrative materials and services, HST and contributions to a long-term capital replacement reserve fund.

Estimates for operating expenses for the proposed project have been developed using data from projects of a similar nature. The total operating expenses for the proposed project are estimated for the first year to be \$61,969 for option 1 and \$63,747 for option 2 and are comprised of the following notable items:

- *Maintenance, administration, insurance and property management* – Cost estimates are based on average per unit costs in actual projects and assume the use of contract or part time staff for necessary duties, given the small scale of the project.
- *Utilities* – have been assumed for heat and hydro in common areas only as it is expected that heat and hydro for individual units would be paid directly by tenants.
- *Capital Replacement reserves* – in accordance with CMHC mortgage insurance requirements and prudent practice, an annual contribution to the project’s capital reserve fund is assumed in an amount equal to 4% of total operating revenue. This reserve would be used to fund future lifecycle capital repair costs as needs arise.
- *Property taxes* – property taxes are assumed at a reduced rate for funded units, equivalent to the single residential rate, which is consistent with recent projects developed under affordable housing programs. This would require a formal tax reduction by the Township and County. Property taxes for non-funded units have been assumed at the multiple residential rate.
- *Harmonized Sales Tax* – applicable HST has been assumed as well as an associated rebate. The rebate is equivalent to that permitted by non-profit housing providers.
- *Mortgage payment* – *Option 1*: An annual mortgage payment of \$44,569 has been assumed based on the projected lending amount (\$1,000,397), a 40-year amortization period and an interest rate of 3.25%. *Option 2*: An annual mortgage payment of \$52,024 has been assumed based on the projected lending amount (\$1,167,735), a 40-year amortization period and an interest rate of 3.25%.
- Preferred rates and amortization are assumed as the mortgage would be CMHC insured but held with a private lender. Consideration could also be given for self-financing by the Township or County as this could result in savings to the project for financing costs.

While not expressed in the first year operating budget, expenses for maintenance, other administrative materials and services, insurance and property taxes are assumed to increase by 2% per year. This is based on the 5 year average rate of increase in the Consumer Price Index. Other expenses, such as heat and hydro, are assumed to increase by 4.34% annually based on the five-year average rate of increase in the Consumer Price Index for utilities.

As part of the analysis, viability was also examined beyond the first year of operation. By applying the above inflationary adjustments, costs and revenues were escalated over a five year period. The analysis showed that the project remains viable over the analysis period.

Funding/capital requirements

As an affordable housing project, there typically are contributions, fee relief and/or funding that is required in order to ensure affordability and maintain financial viability. These contributions provide an important revenue bridge between the lending capacity of the project and total costs. The table below provides a general summary of the sources of funding that have been assumed for the proposed seniors housing project.

Table 19 - Anticipated Project Contributions – Option 1 (6 units funded under IAH Program)

Contributions	
HST Rebate	\$ 218,350
Fees and Charges Waived	\$103,889
Capital Grant from the County	\$350,000
IAH Funding	\$900,000
Equity Contribution	\$350,000
TOTAL CONTRIBUTIONS	\$1,922,239

Table 20 - Anticipated Project Contributions – Option 2 (no units funded under IAH Program)

Contributions	
HST Rebate	\$219,277
Fees and Charges Waived	\$103,889
Capital Grant from the County	\$350,000
IAH Funding	\$0
Equity Contribution	\$1,095,000
TOTAL CONTRIBUTIONS	\$1,768,165

Many of these contributions involve waivers of municipal fees/charges while others involve eligible tax rebates or cash contributions. Details regarding contributions are identified below.

- *HST Rebate* – The project has been assumed as sponsored by a non-profit entity and as such, the project would be entitled to receive an 82% PST rebate and a 50% GST rebate, resulting in a total HST rebate of \$218,250 for development option 1 and \$219,277 for option 2.
- *Wavier of Planning/Building Fees and Development Charges* – As a County and Township-supported project, it is assumed that municipal contributions in-kind that enhance financial viability would be welcome. Accordingly, it has been assumed that municipal fees for required land use planning approvals, building permit fees and development charges, estimated in the order of \$103,889, would be waived for both development options of the project.
- *Capital Grant from the County* – In accordance with the terms of reference for the business plan and based on funding allocated for seniors housing by the County, it has been assumed that the project would receive a capital grant of \$350,000 from the County of Frontenac
- *Land Value* – Discussions with SFCSC indicate they may be willing to transfer ownership of their portion of the preferred site at a nominal cost.

- *Equity Contribution* – Based on current estimates of total project costs, potential contributions and assumed debt service capacity, a projected capital shortfall of approximately \$350,000 exists for development option 1. In order to achieve financial feasibility, an equity injection of this amount would be required to support the project. This equity could be secured in the form of fund raising, an additional cash contribution, program funding or some combination of the above. Without IAH funding, a larger equity contribution is required. For development option 2, a total equity contribution of \$1,095,000 is required to make the project financially viable.

Financial viability

The financial plan outlined above presents capital and operating budgets that result in a feasible and self-sustaining project based on current assumptions. Based on these estimates, total project costs would be in the order of \$2.92M for development option 1 and \$2.93M for option 2. Funding for development costs in option 1 would be provided through conventional financing of approximately \$1,000,397, and a range of project contributions/rebates totaling \$1,922,239. For option 2, these costs include \$1,167,735 in mortgage costs and contributions and rebates totalling \$1,768,165.

Operationally, development option 1 is estimated to have an initial annual operating cost of \$106,538 which would be offset by rents and revenues in the order of almost \$115,539. This would result in a modest annual operating surplus of approximately \$9,001. Calculations show that, based on this operating cost structure, the project would achieve a debt coverage ratio of 1.2, demonstrating that it is financially viable.

Development option 2 is estimated to have an initial annual operating cost of \$115,771 which would be offset by rents and revenues in the order of almost \$126,084. This would result in a modest annual operating surplus of approximately \$10,314. Calculations show that, based on this operating cost structure, the project would achieve a debt coverage ratio of 1.2, demonstrating that it is financially viable.

That said, viability assumptions do rely on a number of contributions and fee relief to help defray project costs. These contributions would require the support of both the Township and the County in order to be realized.

Going forward, it will be critical to re-test assumptions as cost and revenue estimates are refined. This will help ensure that as the project concept evolves, options to maintain financial viability can be considered and applied as needed.

GOVERNANCE

An important consideration in moving forward with the proposed project is understanding how it will be sponsored and operated on an on-going basis. This has implications not only for basic operations and sustainability but can have an impact the financial assumptions for the project. Following is a review of key governance issues.

Project ownership/oversight

The project sponsor – the owner – has a fundamental role in the development and long term success of the project. Typically for a project of this nature, an established non-profit housing organization would be a prime sponsor. The experience they have in project operations and property management would be highly beneficial.

The one local organization with experience in the ownership and management of affordable seniors rental housing is Loughborough Housing Corporation, which owns and operates two such buildings in Sydenham. Preliminary discussions have been held with the Corporation, who have indicated an interest in some form of involvement in the project. Their expertise and experience in property management of affordable seniors housing make them well suited to be retained as the property managers for the project. This should be strongly considered. Any other form of involvement in the ownership of the building would need to be discussed with their Board and senior staff.

The Township of Frontenac has no previous experience in the ownership and operation of seniors housing of this nature and have expressed the view that, while they may be prepared to support the project in various ways, they do not believe they would be suited to be the owners or managers of the building. Similar views were expressed by South Frontenac Community Services Corporation, which is highly interested in providing supports and services to seniors in the building (especially given the proposed location adjacent to their Grace Centre), but has no experience or expertise in the ownership or management of seniors housing.

One approach which may be suitable in view of the interest of all three organizations in the project would be the creation of a separate, legally distinct non-profit housing corporation that has representation from all three organizations on its Board of Directors. This mix of representation on the Board of the corporation would facilitate arm's length local oversight while at the same time compartmentalizing liability and risks associated with operations. The on-going involvement of the Township would further help to provide stability and continuity for the project. The stability of this approach is seen as highly desirable in getting the project up and running.

Planned approach to management

As noted above, Loughborough Housing Corporation possesses the experience and expertise to undertake the property management and maintenance of a building of this nature. Given the modest size of the project, this involvement would be on a part-time basis. They could be retained on this basis for an annual property management fee which would be negotiated with the Board of Directors.

MOVING FORWARD

Summary of preferred concept

Based on demonstrated needs, community consultation and business case analysis, the concept for a small scale seniors housing project situated in Sydenham has been developed. This concept has been tested and found to be viable, subject to the assumptions outlined in this report. Based on the proposed concept, the seniors housing project would:

- Be modest in scale – 12 self-contained apartment units (6 @ one bedroom, 6 @ two bedroom) plus amenity space for a total buildable area of 10,600 sf (GFA)
- Include basic amenity space - laundry facilities (2 pair) and a small indoor common area for gathering/socialization would be provided
- Accommodate seniors mobility needs – providing a safe, indoor access to apartment units while incorporating visitability and accessibility throughout units and common spaces
- Support basic affordability – all units would be rental and offered at or below average market rent level. Rents for the one bedroom units could be lowered to 80% of average market rent if IAH funding is obtained from the City of Kingston.
- Be procured as new construction – this approach would enable a single storey slab-on-grade building, with a cost-effective double-loaded main corridor, wood frame structure and standard sloped roof
- Incorporate practical sustainability features that promote energy efficiency
- Be situated adjacent to the Grace Centre on land currently owned by South Frontenac Community Services Corporation, plus an adjacent parcel
- Be procured through a formal design/tender process (stipulated price contract)
- Be financed using a conventional mortgage that is CMHC-insured, as well as an equity contribution of \$350,000 from the County and an additional equity contribution in the order of \$350,000 for the IAH-funded option OR \$1,095,000 in the non-funded option
- Be owned by a newly constituted non-profit housing corporation
- Be managed by Loughborough Housing Corporation, should they be agreeable to take on that role.

As a result of the financial analysis, it has been determined that the project would be viable based on preliminary cost estimates, anticipated revenues and assumed contributions. While a series of land use approvals are required to permit the intended use, there do not appear to be any significant barriers to securing these approvals. Prior to acquiring the project site, due diligence testing would be required to ensure that no environmental concerns or project servicing impediments exist. Based on an initial scan of current conditions and background information, no impediments are anticipated. Viable project governance options exist, the most plausible of which would see the creation of a new non-profit corporation which would legally own and operate the project.

Process/critical path

While preliminary feasibility of the project concept has been demonstrated, there are a number of steps necessary to advance the project. Moving forward through these steps, there are a number of decision points where the plausibility of advancing would need to be reconfirmed as the project concept is refined.

Initially, this would involve steps confirming the parameters for moving forward from the initial feasibility testing, including the following tasks:

- *Confirm decision to move forward* – in addition to endorsing the business plan, this task would involve securing development consulting expertise to advance the project
- *Confirm decisions with regards governance/oversight* – this would involve defining the Township role in the project going forward, as well as pursuing incorporation of the sponsor entity (if this approach is confirmed). Discussions would be required with the Boards of Loughborough Housing Corporation and South Frontenac Community Services Corporation about potential representation on the Board of Directors.
- *Enter into a conditional agreement re property* – this would involve meeting the South Frontenac Community Services Corporation to develop an agreement to lease or purchase the preferred property and the adjacent parcel. This agreement would be conditional on all of the requirements of the project being met
- *Enter into discussions with Loughborough Housing Corporation about property management* – this would involve meeting with Loughborough Housing Corporation to determine their interest in assuming the role of property managers of the building
- *Confirm initial funding commitments* – to enable project planning, County and Township contributions would need to be confirmed. Access to financing would also need to be confirmed on a preliminary basis as well as the funding/resources necessary to undertake the next stage of pre-development work. The City of Kingston would need to be approached regarding the availability of IAH funding.

With these activities completed, a decision regarding proceeding/not would be made in order to move forward to the pre-development stage. Under this phase, the following activities would be required to advance development of the project to the point of construction commitment:

- *Assemble technical/design team* – this would involve identifying or recruiting development team members, including a project architect and technical testing specialists
- *Formalize project design* – preliminary design drawings would be developed for comment and subsequent refinement in accordance with the finalized project concept
- *Complete due diligence for land* – in order to finalize site acquisition, environmental and technical testing would need to be conducted to formally confirm that no development constraints existed
- *Confirm specific service requirements* – having confirmed technical parameters and preliminary design, final servicing designs would be developed for septic systems and utilities into the site

- *Re-confirm costs, funding and mortgage financing* – in addition to updated pro forma figures, a conditional financing commitment would be secured to confirm financial parameters prior to tendering

With these activities completed, a decision regarding proceeding/not would be made in order to move forward to the construction stage. Under this phase, the following activities would be required:

- *Prepare contract documents for bidding* – final design drawings and accompanying specification would be developed for tendering purposes
- *Tendering for construction pricing* – contract documents would be tendered for pricing to qualified bidders and results would be evaluated against budgeted construction costs. Both conventional contractors and modular contractors should be invited.
- *Reconfirm financing and project commitment* – final budget adjustments would be made based on tendered costs to secure final financing approvals, thereby enabling owner approval for project commitment to proceed with construction
- *Negotiate construction contract and commence construction* – with approval in hand, a standard construction contract would be executed with the selected bidder
- *Construction monitoring* – through the construction process, regular progress reviews would be undertaken to track progress against the building schedule as well as costs versus budget.
- *Pre-occupancy planning* – during the construction phase, planning would be undertaken in order to prepare for tenant move-in and project operations
- *Post-occupancy wrap-up* – with the conclusion of construction and the subsequent certification for project occupancy, capital cost reconciliation, HST self-assessment, warranty inspections, etc. would be completed in order to close out the capital development phase of the project

Key elements & critical success factors

As noted, there are a number of tasks require to move the project forward through successive stages of development. Each stage is punctuated with a decision point on whether to proceed or not to the next stage. While this progressive process lays out a stepwise approach to move from initial viability through to construction, there are some fundamental success factors that are key ingredients for realizing the proposed project. Having these elements in place goes a long way to supporting project viability.

Key elements required for a successful project include:

- *Allocating sufficient resources* – having the funds/resources to undertake pre-development work and advance through construction is essential to the success of the project
- *Having a clear governance/accountability framework* – during development and after occupancy, having a clear and straight-forward decision-making structure for oversight
- *Acquiring strong technical expertise* – through the development process, a range of technical issues must be addressed/overcome and having an experienced team is key to staying on track

- *Firming up an agreement for the preferred property* – a fundamental project requirement is reaching agreement on the preferred property, which is currently owned by South Frontenac Community Services Corporation and its neighbour
- *Securing access to financing* – securing financing is a critical component to meeting the financial obligations of development

APPENDIX ‘A’ – NEEDS PROFILE

The “Seniors Community Housing Pilot Project Study” completed for the County in 2012 contained a comprehensive profile of housing and need indicators for the County and its constituent townships. This profile was based on data available at the time. Since completion of the pilot study, additional Census and market data have been released that serve to provide a more current picture of local conditions.

This appendix provides an abbreviated update of the original profile, highlighting key housing and need indicators at the County level. Seniors-based indicators are also examined at the County level and summarized as part of this update. As a result, relevant local conditions in the Frontenac Islands have been highlighted in the body of the report with regard for the broader analysis provided in this appendix.

County-wide Housing Needs and Market Indicators

Demographic Profile

Frontenac County

The County of Frontenac is rural in character, covering an expansive area of some 4,000 square kilometres. The County has a permanent population of just over 26,000, complimented by a substantial number of seasonal residents who cottage throughout the Frontenacs. The county is comprised of four townships - North, Central and South Frontenac and Frontenac Islands. The majority of dwellings in the County are single-detached homes, located in one of the many small villages and hamlets or scattered throughout the extensive rural area. As a result, the land use pattern for the County is very low density in nature.

Like other jurisdictions in Ontario, the County is experiencing aging in its population. In fact, the share of the senior population in the County of Frontenac is actually increasing more rapidly than that of the province as a whole.

General Population Trends

In 2011, the County of Frontenac had a permanent population of 26,375. The majority of this population (68.7%) lives in South Frontenac. Central Frontenac accounts for 17.3% of the population while the rest of the population is divided between Frontenac Islands (7.1%) and North Frontenac (7.0%).

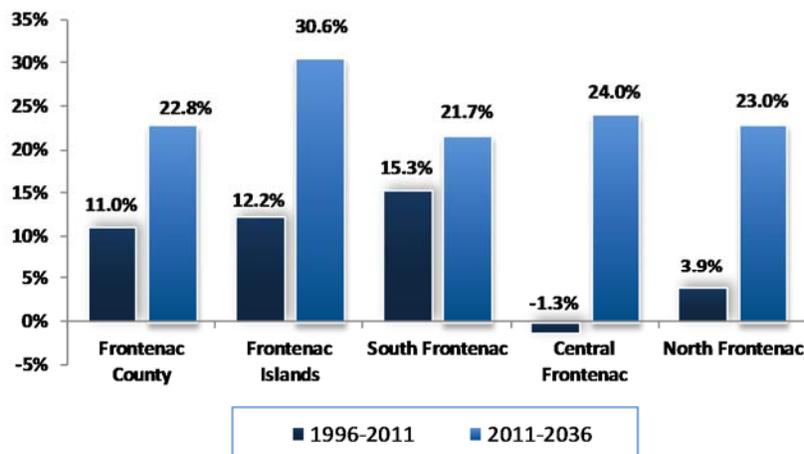
Table 21. Population Counts, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac, 1996-2036

Geography	1996	2001	2006	2011	2016	2021	2026	2031	2036
Frontenac County	23,760	24,411	26,658	26,375	28,605	29,895	30,900	31,705	32,400
Frontenac Islands	1,661	1,638	1,862	1,864	2,120	2,225	2,295	2,365	2,435
South Frontenac	15,711	16,415	18,227	18,113	19,315	20,250	21,025	21,580	22,050
Central Frontenac	4,615	4,557	4,665	4,556	5,120	5,280	5,380	5,530	5,650
North Frontenac	1,773	1,801	1,904	1,842	2,050	2,140	2,200	2,230	2,265

Source: Statistics Canada 1996-2011 Community and Census Profiles; Watson & Associates, Population, Housing and Employment Projections for the Frontenacs, June 2014

Over the last 15 years the population of the County has increased by 11.0% overall, growing from a population of 23,760 in 1996. From 2006 to 2011, the County's population declined 1.1%. While the County has experienced a slight decline recently, it is still important to note that the County's population is expected to grow and that based on projections by Watson and Associates undertaken in 2014, the population is estimated to increase by some 6,000 people from 2011 to 2036 (23%). Locationally, the population distribution is expected to remain the same, with 68.1% still expected to reside in South Frontenac in 2036 (compared to 68.7% in 2011). The other Townships are also expected to maintain their proportions, with Frontenac Islands' share rising slightly from 7.1% in 2011 to 7.5% in 2036.

Figure 9. Population Growth and Decline Trends, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac, 1996-2036



Source: Statistics Canada 1996-2011 Community and Census Profiles; Watson & Associates, Population, Housing and Employment Projections for the Frontenacs, June 2014

Population by Age

When broken down by age range, Ministry of Finance data shows that the largest age group in the County of Frontenac (including the City of Kingston)¹ in 2011 was persons aged under 25 years, comprising nearly a third (29.5%) of the population. The number of persons in this age group is expected to increase by 4,770 by 2036 (10.8%), but the age group's proportion will drop to 24.7% of the total population.

All age groups are expected to increase in real numbers from 2011 to 2036, but senior age groups will see the most sizable increases, with the 65 to 74 year old age group increasing by over 10,000 persons (76.0% increase) and the 75 years and older group more than doubling (17,000+ persons or a 144.8% increase). This compares to a 32.4% increase for the population as a whole.

¹ Ministry of Finance figures do not disaggregate data for the County and City of Kingston. As such, figures are reported based on County + City totals.

Also expected to experience notable growth us the 35 to 44 year age group, indicating there will be more persons of working age in the County in a couple of decades. This could lead to an even greater increase in seniors as this population group ages in the future.

Table 22. Population Counts and Trends by Age, Frontenac County (including the City of Kingston), 2011 and 2036

Age	2011		2036		% Change 2011-2036
	#	%	#	%	%
0 - 24	44,120	29.5%	48,890	24.7%	10.8%
25 - 34	19,125	12.8%	23,910	12.1%	25.0%
35 - 44	18,115	12.1%	26,360	13.3%	45.5%
45 - 54	23,305	15.6%	26,380	13.3%	13.2%
55 - 64	20,155	13.5%	20,720	10.5%	2.8%
65 - 74	13,175	8.8%	23,190	11.7%	76.0%
75+	11,745	7.8%	28,750	14.5%	144.8%
TOTAL	149,740	100.0%	198,200	100.0%	32.4%

Source: Statistics Canada, Community Profiles, 2011; Ontario Ministry of Finance, Population Projections Update, 2014

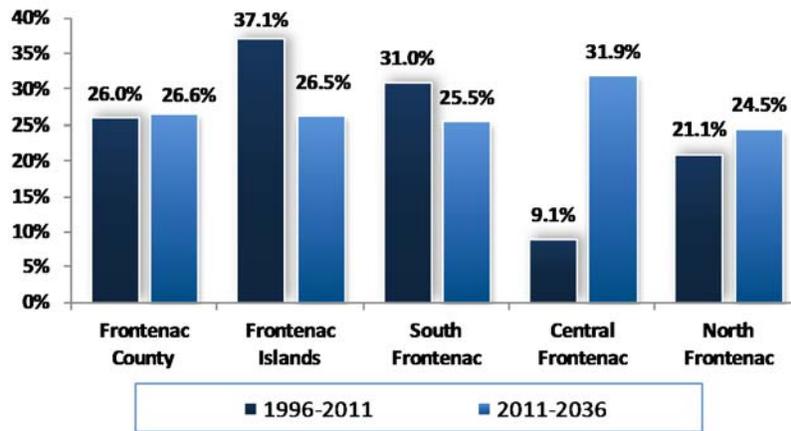
Households

In terms of household growth, the number of households in the County has grown 26.0% from 1996 to 2011, from 8,650 households to 10,900 in 2011. This rate of household growth is notably higher than the population growth rate during the same time period, which is due in part to trending towards smaller, more diverse household types. This is reinforced by the fact that even though the County's population declined 1.1% from 2006 to 2011, households grew 6.2%.

Like population trends, the largest proportion of households is situated in South Frontenac, with 66.2% of households. Another 17.5% are located in Central Frontenac with just 8.4% and 7.8% in North Frontenac and Frontenac Islands, respectively.

It is projected that households will continue to grow at similar rates over the next 20 years, with an expected increase of 26.6% from 2011 to 2036 for the County. Despite this overall trend, the rate of household growth will be slower in South Frontenac and Frontenac Islands, and faster in North Frontenac and especially in Central Frontenac. Geographical distribution of households amongst the Townships is also expected to remain steady.

Figure 10. Household Growth Trends, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac, 1996-2036

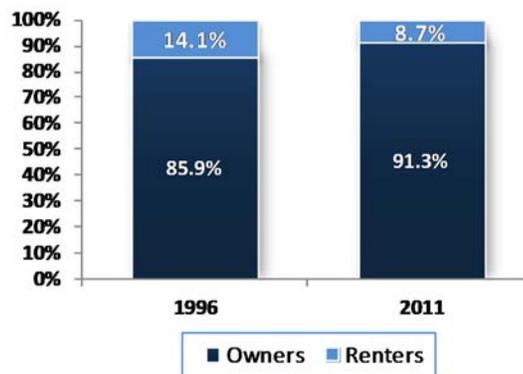


Source: Statistics Canada 1996-2011 Census and Community Profiles; Watson & Associates, Population, Housing and Employment Projections for the Frontenacs, June 2014

Tenure

Along with population and household trends, tenure is also a key indicator for tracking housing trends. Ownership continues to be very prominent throughout the County. As can be seen in the figure below, the share of households with ownership tenure has been on the rise, with the proportion of owners rising from 85.9% in 1996 to 91.3% in 2011. In contrast, there was a decline in the proportion of renter households during this same period to 8.7% in 2011. In real terms, the number of owners rose 33.0% during this time period, while the number of actual renters declined 23.4% in 2011, indicating that.

Figure 11. Tenure Trends, County of Frontenac, 1996 and 2011



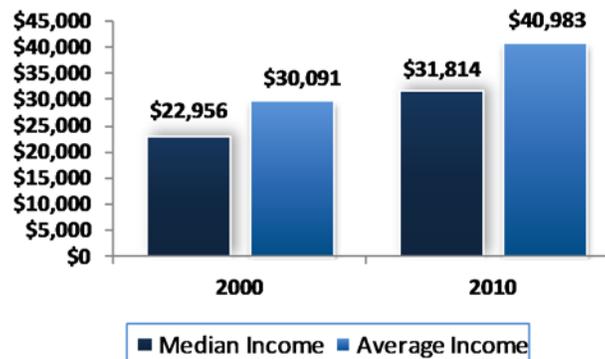
Source: Statistics Canada Census and Community Profiles, 1996-2011

Income

An important element in determining housing need is the economic capacity of a household. By examining income trends and characteristics, it is possible to better identify the affordability limitations of households and the impact these have on the housing options available to them.

In 2010, the median individual income in the County of Frontenac (including Kingston²) was \$31,814, slightly higher than the Provincial median income of \$30,526. However, the County's 2010 average individual income (\$40,983) was lower than the Provincial average (\$42,264). Despite this, incomes in the County are rising at rate faster than the Province. The County's average individual income level increased by 36.2% from 2000, when it was \$40,091, a higher rate of increase than that seen for the Province (28.6%). Similarly, median individual income rose 38.6% for the County from 2000 to 2010, compared to just a 23.0% increase for the Province.

Figure 12. Median and Average Individual Income, County of Frontenac (including City of Kingston), 2000 and 2010

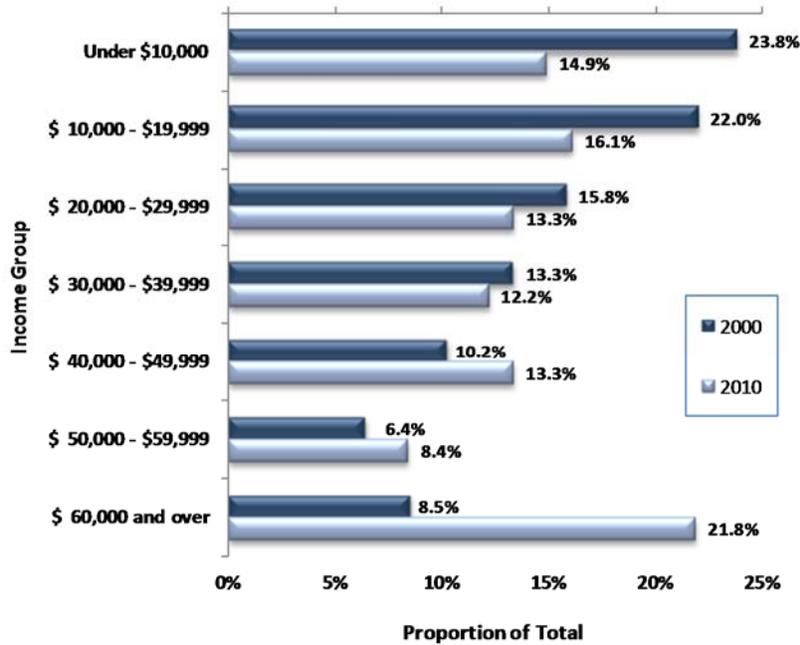


Source: Statistics Canada, Community and NHS Profiles, 2001 and 2011

This trend towards higher average incomes is evident in changes for those with low or moderate incomes. As can be seen in the figure below, the proportion of individuals earning less than \$40,000/year has decreased significantly since 2000 – in particular, those earning less than \$10,000/year have dropped from 23.8% in proportion to 14.9% and those earning \$10,000 to \$19,999 have dropped from 22.0% of the population to 16.1%. On the other hand, those earning \$60,000 or more have experienced notable increases, with this group's proportion growing from 8.5% in 2000 to 21.8% in 2010. While upward trending in incomes is encouraging, the fact remains that nearly half (44.3%) of the County's population earns less than \$30,000/year as an individual.

² NHS income data for 2010 does not disaggregate figures for the County and the City of Kingston. As such, average and median income figures are reported which include both the County and the City.

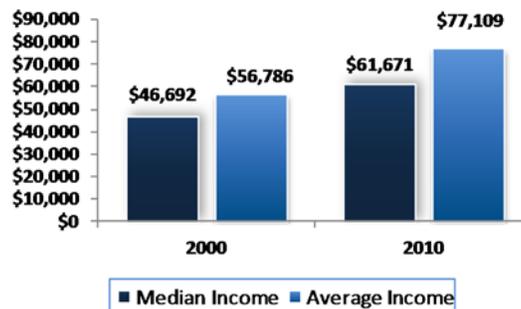
Figure 13. Individual Income Ranges, County of Frontenac (including City of Kingston), 2000 and 2010



Source: Statistics Canada Community Profiles 2001; NHS Profile 2011

In terms of household income, the chart below shows that median and average household incomes have been rising at a rate similar to those of individuals. For the County as a whole (including Kingston³), median household income rose 32.1% from 2000 to 2010 and average household income 35.8%. In comparison, median household income for the Province rose 23.7% to reach \$66,358 in 2010, and average household income 28.3% to reach \$85,772. Like individual incomes, average and median household incomes for the Province are higher than the County, but growth in household incomes is occurring at a faster rate in the County.

Figure 4. Median and Average Household Income, County of Frontenac (including City of Kingston), 2000 and 2010



Source: Statistics Canada, Community and NHS Profiles, 2001 and 2011

³ As previously noted, NHS income data for 2010 agglomerates figures for the County and the City of Kingston.

Housing Profile

Housing supply is typically measured based on the availability of housing options for households within a community. These housing options are then compared to housing demand to identify any gaps that may exist. However, gaps in the market are not simply borne out of demand; they can also be driven by factors which limit choices. Generally speaking, households with higher incomes and the ability to live independently are able to exercise this choice in the housing market. By contrast, those with lower incomes and higher care requirements will have much fewer choices. The private market traditionally supplies the majority of housing in most communities and this is certainly the case in the County of Frontenac.

Dwellings

The majority of dwellings in the County of Frontenac are single-detached dwellings (95.3% or 9,895 dwellings). The remaining 4.7% (490 dwellings) are comprised of low-rise apartment building units (1.8%), movable dwellings (0.9%), detached duplex apartment units (0.9%), semi-detached dwellings (0.8%), as well as a few row houses and other single-attached dwellings. These proportions have not changed much since 2001 when there were 8,615 single-detached dwellings and which comprised 93.9% of the dwelling stock. However, the number and proportion of semi-detached homes did drop by almost half from 2001 to 2011, and the proportion of low-rise apartment building units and movable dwellings dropped slightly as well.

In real terms, South Frontenac and Central Frontenac have a slightly more diverse range of housing types as compared to North Frontenac and Frontenac Islands where dwelling types are quite limited. This tendency towards low density development in the County is typical for many rural communities.

Table 23. Dwellings by Type, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac, 2011

	Frontenac County		Frontenac Islands		South Frontenac		Central Frontenac		North Frontenac	
	#	%	#	%	#	%	#	%	#	%
Single-detached house	9,895	95.3%	760	96.8%	6475	95.2%	1775	93.9%	885	97.8%
Semi-detached house	80	0.8%	5	0.6%	50	0.7%	20	1.1%	5	0.6%
Row house	30	0.3%	0	0.0%	15	0.2%	10	0.5%	5	0.6%
Apartment, detached duplex	90	0.9%	10	1.3%	65	1.0%	15	0.8%	0	0.0%
Apartment, building that has five or more storeys	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Apartment, building that has fewer than five storeys	185	1.8%	10	1.3%	140	2.1%	35	1.9%	0	0.0%
Other single-attached house	10	0.1%	0	0.0%	5	0.1%	5	0.3%	0	0.0%
Movable dwelling	95	0.9%	0	0.0%	55	0.8%	30	1.6%	10	1.1%
TOTAL	10,385	100.0%	785	100.0%	6,805	100.0%	1,890	100.0%	905	100.0%

Source: Statistics Canada, Census Profile, 2011

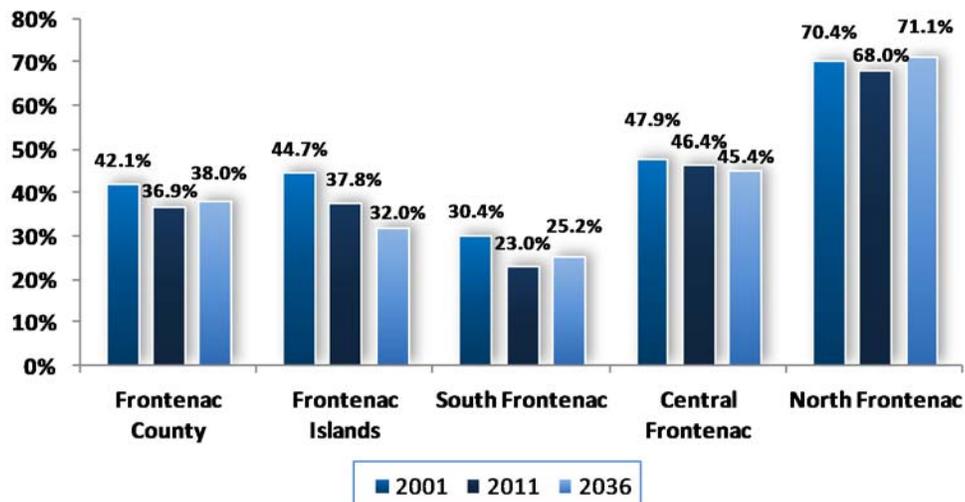
Seasonal Dwellings

Seasonal dwellings – those used on a non-permanent basis – have traditionally accounted for roughly 40% of the County's total dwellings and are located throughout the County. However, the percentage of seasonal households in the County of Frontenac declined from 42% in 2001 to 37% in 2011, to reach 6,068

dwellings. All of the townships experienced a decrease in seasonal households during this time period, due in part to conversion to permanent dwellings. In contrast, by 2036 the proportion of seasonal dwellings in the County as a whole is expected to rise slightly to 38% or 8,465 dwellings due to new construction, and this growth is expected to be primarily in South Frontenac and North Frontenac.

The Frontenacs are becoming more attractive to empty nesters and seniors (within the 55 to 74 age range) and a growing proportion of this group is choosing to retire / semi-retire at their seasonal properties, converting these to permanent residences. As a result, more recent projections suggest some upswing in the conversion of seasonal dwellings, albeit at a minor rate. According to Watson and Associates (2011), this trend is expected to continue over the next few years with absorption of converted stock. Over the next 25 years, the influence of seasonal dwelling conversion on housing development will have significant impacts within the County, as it will increase the permanent housing stock if conversions continue to occur in favour of development of permanent dwellings.

Figure 15. Seasonal Dwelling Trends, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac, 2001-2036



Source: Statistics Canada 2001-2011 Community and Census Profiles; Watson & Associates, Population, Housing and Employment Projections for the Frontenacs, June 2014

Age and Condition of Dwellings

According to 2011 Census data, 28.4% of the County's dwellings were built prior to 1960, compared to just 11.6% built after 2000, indicating that the County has a somewhat older housing stock. Nearly a third (28.9%) of the dwellings were built between 1961 and 1980. Despite the aging profile of the stock, housing in the County is in reasonably good shape with just 7.8% (805 dwellings) requiring major repairs in 2011, compared to 8.8% in 2001.

Residential Development Potential

The Provincial Policy Statement as well as the Official Plans for the Townships within the County of Frontenac encourage new residential development in designated settlement areas. A review conducted by Watson and Associates (2014) showed that as of June 2014, the County had a total of 2,569 hectares of vacant land designated as settlement areas in the Township Official plans.

Table 24. Overview of Vacant Lands Designated as Settlement Areas by Municipality

	Vacant Designated Land (Hectare)	% of Total Vacant Land within Settlement Areas
North Frontenac	647	25.2%
Central Frontenac	411	16.0%
South Frontenac	1,498	58.3%
Frontenac Islands	13	0.5%
Total Frontenac County	2,569	100.0%

Source: Watson & Associates (June 2014). Population, Housing and Employment Projections for the Frontenacs

The above table shows that the majority of this land (58.3%) is located in South Frontenac while the smallest proportion of vacant land is located in the Township of Frontenac Islands (0.5%). The availability of substantial vacant lands in South Frontenac correlates with population and dwelling counts that show most growth in the County has and will continue to occur there.

Ownership Housing Market

As mentioned earlier, 91.3%, or 9,495 dwellings in the County, were owned as of 2011, up from 7,140 dwellings in 1996. This indicates that ownership housing is not only by far the most dominant form of tenure, but the County's preference for ownership housing is growing.

Price is also an important consideration in the ownership market. According to Statistics Canada Census data for 2011 the County's average dwelling value for 2010 was \$304,496, which is an increase of 95.7% since 2000, when the average dwelling value was \$155,557. This substantial increase is mainly due to the production of larger homes, seasonal conversions and sustained lower interest rates which foster greater buying power for owners.

Mortgage status can also provide important information on a housing market. In 2011, 55.8% of the County's owner households, or 5,067 households, had a mortgage, indicating that a large proportion of the County's owners (about 45%) do not have a mortgage and have a substantial amount of accumulated equity in their homes.

Rental Housing Market

As mentioned earlier, just 8.7% of dwellings in the County (800 units), were rented in 2011 and the number of rental dwellings has actually gone down. Since 1996, rental units have decreasing by 275 units (23%) in the County. This suggests that there is a very limited supply within the County and that the supply is diminishing. It should be noted that in 2011, 14.4% of renter households, or 128 households, were in subsidized housing in the County, indicating that a large proportion of renter households struggle to meet housing costs. These trends show that there is a very limited supply of affordable rental housing in the County.

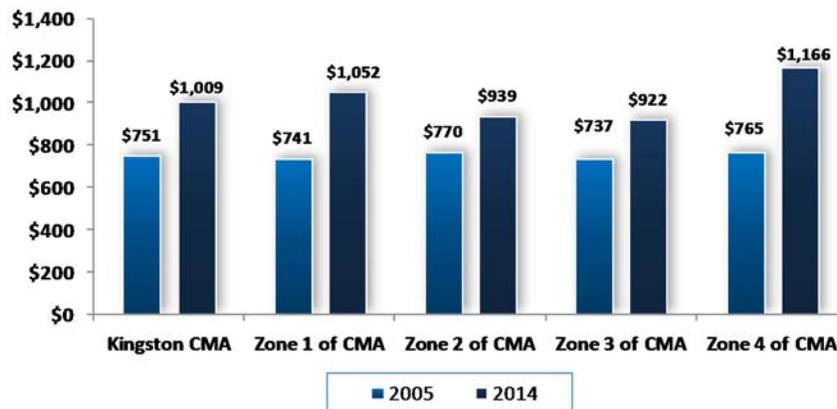
Average rents are an important consideration in the rental market. According to Statistics Canada Census data for 2011 the County's average monthly shelter cost for rented dwellings in 2010 was \$895, which is

an increase of 32.6% since 2000, when the average monthly shelter cost for rented dwellings was \$675. It is presumed that rising utility costs during this period would have had some influence on these increases.

Average market rents for the entire County of Frontenac are not reported by CMHC but rents are monitored for the Kingston CMA which includes South Frontenac, Frontenac Islands and Loyalist Township (Zone 4 within the CMA). In the last 9 years, overall average market rents in the CMA have increased by some 34.4%, from \$751 in 2005 to \$1,009 in 2014.

Average market rents vary by unit size, tending to increase as the size of the unit increases. In 2014, average market rents for the Kingston CMA were \$662 for bachelor units, \$888 for one bedroom units, \$1,070 for two bedroom units and \$1,411 for 3 bedroom units. Rents in Zone 4 of the CMA tend to be higher than the CMA averages. This was especially true in 2014 for one and two-bedroom units in Zone 4 which were the highest in the CMA at \$963 and \$1,271 respectively.

Figure 26. Overall Average Rents, Kingston CMA and Zones, 2005 and 2014



Source: CMHC Rental Market Reports, 2006 and 2014

Overall, vacancy rates for rental units in the Kingston CMA decreased from 2.1% in 2005 to 1.9% in 2014 for a total of 13,092 units in 2014, compared to 12,381 units in 2006. A healthy vacancy rate is generally considered at about 3.0% so a rate of 1.9% shows a significant tightening of the rental market and when considered with the limited options available, explains the higher average rents being commanded.

The vacancy rate of 2.4% for Zone 4 was higher than the Kingston CMA overall in 2014 and up from just 1.3% in 2005. While the rise in vacancy rates could suggest there is more housing stock to meet demand in 2014 compared to nearly a decade ago, vacancy rates are still below the 3.0% level that is considered a balanced market, indicating a slight undersupply of units.

While the rental data does not provide a complete picture for the County of Frontenac, it is clear that there is a limited supply of rental housing and that demand for units continues to be strong, based on lower vacancy rates and overall trends.

Spending on Housing and Shelter Costs

As a standard measure of affordability, where households spend more than 30% of their gross income on shelter costs, they are considered to have an affordability problem. In 2010, 15.7% of owners in the County (1,426 households) were spending more than 30% of their income on housing costs, compared to 16.5% in

2000 (1,305 households). While the real number of owners spending more than 30% has increased, their proportion has actually decreased. This is in contrast to renters where both the number and proportion of renters spending more than 30% of their income on housing costs increased from 2000 to 2010. In 2010, 47.9% of renter households (426) were spending more than 30% of their income on housing costs, compared to 38.7% of renter households in (370). This data indicates that renters are increasingly struggling with housing costs in the County due to limited supply and increasing rents.

Profile of Seniors Indicators

Population Trends

Data on the age of the population shows that in 2011, seniors comprised just over 17% of the population in the County and just over 21% of the population in Frontenac Islands. Both areas had similar increases in the number of seniors, 49.8% for Frontenac County and 43.6% for Frontenac Islands.

Table 25. Senior Population, Frontenac County and Frontenac Islands, 1996 and 2011

	2001			2011			% Change 1996-2011
	Total	Seniors 65+	Seniors Proportion	Total	Seniors 65+	Seniors Proportion	
Frontenac County	23,760	3,050	12.8%	26,375	4,570	17.3%	49.8%
Frontenac Islands	1,640	275	16.8%	1,864	395	21.2%	43.6%

Source: Statistics Canada, Census and Community Profiles, 1996 and 2011

When considering sub-area demographics, it is clear that seniors are not evenly distributed within the County. In real numbers, those 65+ are most prominent in South Frontenac, given the more populace nature of this Township. Proportionally though, seniors make up a much larger share of the current population in both Central Frontenac and Frontenac Islands, and especially North Frontenac where seniors account for one out of every three persons.

Table 26. Seniors as a Share of Population, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac, 2011

Seniors (65+) as share of population	Total Seniors Pop	Total Pop	Seniors as % of Total
Frontenac Islands	395	1,864	21.2%
South Frontenac	2,535	18,113	14.0%
Central Frontenac	1,040	4,556	22.8%
North Frontenac	600	1,842	32.6%
Frontenac County	4,570	26,375	17.3%

Source: Statistics Canada, Census Profile, 2011

The Ontario Ministry of Finance produces an updated set of population projections every year to provide planners and researchers with a demographic outlook reflecting the most up-to-date trends and historical

data. Based on Ontario Ministry of Finance population projections, the following table illustrates that between 2012 and 2036, Frontenac County's (including the City of Kingston) senior population will rise 94.5%, compared to an overall population increase of just 27.0%. The proportion of seniors will also increase from 17.1% in 2012 to 26.2% in 2036.

Table 27. Overall Population and Senior Growth Trends, Frontenac County, 2012 and 2036

	2012	2036	% Change 2012-2036
Frontenac County (inc. Kingston)	156,060	198,190	27.0%
Seniors 65+	26,700	51,940	94.5%
Proportion	17.1%	26.2%	

Source: Ontario Ministry of Finance, Population Projections Update, 2014

The discussion above shows that the County's population will be aging significantly, and by 2036 a quarter of the total population will be a senior. This suggests that there will be a sustained need for seniors housing options as the proportion of the senior population increases. This will be especially true for the population aged 75 years and older, which will increase 144.8% from 2011 to 2036, compared to a 76% increase for those aged 65 to 74 years.

Households

Household structure is another factor to be considered in assessing housing needs. Given the population and households characteristics of the County, it is not surprising that a high proportion of households, including senior households, are family-based, with related individuals in either a marital, common-law or lone-parent structure. Non-family households – those comprised of individuals living alone or together – make up a much smaller share of all households.

Table 28. Household Living Arrangements for Seniors in Private Households, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac 2011

	Frontenac County		Frontenac Islands		South Frontenac		Central Frontenac		North Frontenac	
	#	%	#	%	#	%	#	%	#	%
Number of persons not in census families aged 65 years and over	1,080	23.9%	80	20.3%	575	22.8%	245	24.3%	180	30.5%
<i>Living with relatives</i>	160	14.8%	10	12.5%	115	20.0%	30	12.2%	5	2.8%
<i>Living with non-relatives only</i>	70	6.5%	0	0.0%	40	7.0%	20	8.2%	10	5.6%
<i>Living alone</i>	850	78.7%	65	81.3%	420	73.0%	195	79.6%	170	94.4%
Number of census family persons aged 65 years and over	3,435	76.1%	315	79.7%	1,945	77.2%	765	75.7%	410	69.5%
TOTAL	4,515	100.0%	395	100.0%	2,520	100.0%	1,010	100.0%	590	100.0%

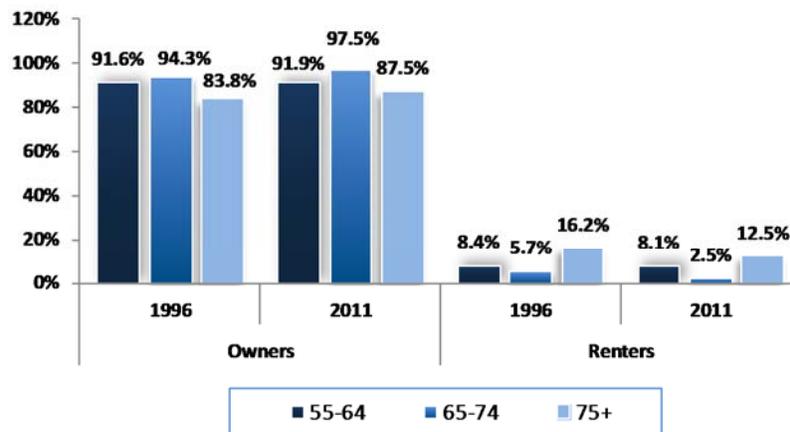
Source: Statistics Canada, Census and Community Profiles, 2001 and 2011

The majority of seniors in the County reside in a family structure (76.1%). The majority of the County seniors' not in a census family (78.7% of seniors not in a census family) were living alone. Proportions are similar across the Townships, and especially for Frontenac Islands. These proportions have not changed notably since 2001 although the proportion of seniors in census family structures has risen slightly for all areas. For the County as a whole, the actual number of seniors in census families has increased as compared to seniors not in census families during this period (40.5% versus 20.0%).

Tenure

As shown in the figure below, the proportion of ownership tenure has been increasing for all senior and soon-to-be senior age groups in the County of Frontenac, and ownership tenure is very prominent among these age groups.

Figure 17. Proportion of Households Aged 55+ by Tenure, County of Frontenac, 1996 and 2011



Source: Statistics Canada, Census and Community Profiles, 1996 and 2011

While the tendency towards ownership in senior households is very clear, the increasing ownership proportion in the 75+ age groups in particular suggests that more seniors are staying in their own homes longer as they age. This may be due in part to a lack of other housing alternatives for seniors in the community. This trend may also be influenced by the conversion of seasonal dwellings to permanent dwellings by in-migrating seniors as they choose to retire and make the County their permanent homes.

For senior households who have paid off their mortgage, owning their home provides them with housing stability and built-up equity. Accessing this equity can be an important factor because while housing costs are reduced with mortgage pay-down, so too are incomes for retired individuals. Given the typically lower income of seniors in the County, the current pricing and the limited supply of units, rental housing remains a viable but limited option for seniors and it is not always affordable. Increasing the supply of rental units at affordable rates would assist in creating more housing choices for seniors in the County.

Income Assistance

There are a number of pension benefits available to Canadians when they reach age 65. These include the Old Age Security (OAS) pension, which is a monthly benefit, and the Guaranteed Income Supplement (GIS), which is available to low-income seniors receiving OAS benefits. GIS benefits vary from \$506.86/month to

\$764/month depending on if the recipient is single or has a spouse/partner that receives or does not receive OAS pension.

In addition, the Guaranteed Annual Income System (GAINS) provides monthly payments to eligible Ontario seniors on top of the OAS and GIS payments. The amount of GAINS benefit is directly linked to the GIS monthly payments and ranges from \$2.50 to \$83 per month. The following table shows the maximum monthly benefit that a senior living in Ontario can receive. This shows that if a single senior did not have a private pension, they would receive a maximum of \$16,934 a year or \$1,411 a month.

Table 29. Maximum Monthly Benefits for Benefit Period October 1, 2014 to December 31, 2014

Benefit Program	Single		Qualified Couple	
	Per Month	Per Year	Per Month	Per Year
OAS	\$563.74	\$6,764.88	\$1,127.48	\$13,529.76
GIS	\$764.40	\$9,172.80	\$1,013.72	\$12,164.64
GAINS	\$83.00	\$996.00	\$166.00	\$1,992.00
Total	\$1,411.14	\$16,933.68	\$2,307.20	\$27,686.40

Source: Ontario Ministry of Finance (2014). GAINS Benefit Rates

The maximum annual income for a person to receive OAS is \$114,815, and for GIS it is \$17,088. For a couple where one person receives OAS it is \$22,650 and for a couple that does not receive OAS it is \$40,944.

Another benefit for seniors is the Canada Pension Plan (CPP) which provides a monthly taxable benefit to retired seniors who worked and contributed to the plan. Beneficiaries have to be at least 65 years old or between age 60 and 65 and meet the requirements of the work cessation test. The CPP pension is designed to replace about 25% of a senior's average pre-retirement employment income. The following table provides a summary of the CPP payment rates and shows that a senior would receive an average of \$7,284 a year and a maximum of \$12,456 a year when they retire.

Table 30. 2014 Canada Pension Plan Rates

Type of Benefit	Average Benefit (June 2011)	Maximum Amount
Retirement (at age 65)	\$607.33	\$1,038.33
Post Retirement Benefit (at age 65)	\$9.55	\$25.96
Disability	\$901.40	\$1,236.35
Survivor - younger than 65	\$409.26	\$567.91
Survivor - 65 and older	\$311.19	\$623.00
Children of disabled contributors	\$230.72	\$230.72
Children of deceased contributors	\$230.72	\$230.72
Death (maximum one-time payment)	\$2,294.07	\$2,500.00
Combined benefits		
Survivor / retirement (at age 65)	\$798.82	\$1,038.33
Survivor / disability	\$1,009.71	\$1,236.35

Source: Service Canada, Canada Pension Plan Payment Rates, January-December 2014

The Ontario Disability Support Program is an income assistance program that provides financial assistance to low-income persons with disabilities. The amount of Income Support received depends on family size, income, assets and housing costs. The table below provides the most recent ODSP monthly shelter allowance rates.

Table 31. Ontario Disability Support Program Maximum Monthly Shelter Allowances, 2013

Benefit Unit Size	Maximum Monthly Shelter Allowance
1	\$479
2	\$753
3	\$816
4	\$886
5	\$956
6 or more	\$990

Source: Ontario Ministry of Community and Social Services, Shelter Calculation, 2013

ODSP benefits are not automatically terminated once a person reaches the age of 65. Seniors who do not receive Old Age Security (OAS) are eligible for ODSP. Seniors who receive OAS may still be able to keep their ODSP benefits if they are financially eligible, that is, if their income is less than what they would receive from ODSP. Most seniors would have a higher income than what they would receive from ODSP due to the combined benefits from OAS, GIS, and GAINS but some seniors may still qualify for Extended Health Benefits (EHB) if their health care expenses are high.

APPENDIX B – PRO FORMA DETAILS

- Option 1 – Assisted Model
- Option 2 – Market Model

Option 1 - Assisted Model

Project Statistics

Sponsor Group: South Frontenac Community Services Construction Period: 12 months
 Project Address: 4295 Stage Coach Rd
 Project Type: New Construction
 Site Area: 115,851 SF
 10,763 m²

Units	# of Units	Unit Size (SF)	Unit Size (m ²)	Rent per unit per month	Rents as % of AMR	100% AMR	Comments
1 Bedroom, IAH Funded	6	589	54.7	\$603	80%	\$754	2015 Kingston CMA and Zone 4 Data
1 Bedroom, IAH Funded, Modified	0	589	54.7	\$603	80%	\$754	2015 Kingston CMA and Zone 4 Data
2 Bedroom, IAH Funded	0	806	74.8	\$807	80%	\$1,009	2015 Kingston CMA and Zone 4 Data
1 Bedroom, Not Funded	0	589	54.7	\$754	100%	\$754	2015 Kingston CMA and Zone 4 Data
2 Bedroom, Not Funded	6	806	74.8	\$1,008	100%	\$1,009	2015 Kingston CMA and Zone 4 Data
Total # of RGI Units	Total # of Units	Total Size of Dwelling Units		Actual Total Rent Per Annum from Tenants (\$ and % of AMR)		Total Rent, All Units, All Sources	Total AMR Rent, All Units
0	12	8,365	777.1	\$115,992	91.4%	\$115,992	\$126,950

	(SF)	(m ²)	% of Total Space	Comments
Circulation	1,198	111	11.26%	1 Storey Double Loaded Hallway
Community Room	455	42	4.27%	Common Room
Office	310	29	2.91%	Corner Office
Laundry	310	29	2.91%	Laundry
Total Building Area	10,636	988		

Total parking spaces	14
Revenue generating parking spaces	0
Number of storage lockers	0

Capital Budget South Frontenac Community Services
4295 Stage Coach Rd

SOFT COSTS

	Total Cost	Per Unit	Comments
1 Professional Fees			
2 Architect, Engineer, Landscape	\$134,828.16	\$11,236	6.0% of construction costs plus HST, excludes group's appliances
3 Cost Consultant (Quantity Surveyor)	\$25,000	\$2,083	Based on similar projects
4 Development Consultant	\$110,000	\$9,167	3.8% of total project costs
5 Planning Consultant	\$10,000	\$833	Needed for Rezoning
6 Disbursements (Architect/Engineers)	\$5,000	\$417	Based on similar projects
7 Septic design/testing	\$10,000	\$833	Based on similar projects
8 Building Sub-total	\$294,828	\$24,569	
9 Site			
10 Building and Property Appraisal	\$5,000	\$417	Based on similar projects
11 Topographic Survey	\$2,500	\$208	Based on similar projects
12 Boundary Surveys	\$2,500	\$208	Based on similar projects
13 Geotechnical Assessment	\$7,500	\$625	Based on similar projects
14 Environmental Assessment	\$5,000	\$417	\$5,000 minimum ESA Phase 1
15 Other Site Studies	\$7,500	\$625	Use for projects where actual studies not known
16 Site Sub-total	\$30,000	\$2,500	
17 Legal and Organizational			
18 Legal Fees	\$25,000	\$2,083	Based on similar projects
19 Organizational Expenses	\$10,000	\$833	Based on similar projects
20 Marketing/Rent-up	\$6,000	\$500	Use \$500 per unit as minimum for non-RGI units
21 Capital Cost Audit	\$7,000	\$583	Based on similar projects
22 Market Appraisal for HST purposes	\$8,000	\$667	typical cost \$8,000, needed if project's Fair Market Value will
23 Property Taxes During Construction	\$4,500	\$375	0.00% use vacant land tax rate or multi residential tax rate and app
24 Insurance During Construction	\$5,000	\$417	Assumes builder's risk, etc. carried by contractor
25 Legal and Organizational Sub-total	\$65,500	\$5,458	
26 Financing Costs			
27 Interest During Construction	\$17,091	\$1,424	4.80% interest during construction
28 Lender's Legal Financing Fee	\$10,000	\$833	To be confirmed by financing proposal/agreement
29 Lender's Mortgage Advance Fee	\$1,750	\$146	\$350 per cash advance, charged on all advances
30 Lender's Application Fee	\$8,000	\$667	Varies, to be confirmed by financing proposal/agreement
31 CMHC Mortgage Insurance Application Fee on Residential Units	\$2,400	\$200	\$200 per unit for the first 100 units, \$100 thereafter, 0.3% of non-residential loan amount
32 CMHC Mortgage Insurance Premium on Non-funded Residential Portion	\$3,470	\$289	4.50% residential funded portion: premiums waived; non-funded and commercial portion: 4.5% of Loan Value
33 Insurance Consultant and Title Insurance	\$4,000	\$333	
34 CMHC Mortgage Advance Fee	\$1,050	\$88	\$350 per cash advance, first 2 draws not charged
35 Financing Costs Sub-Total	\$47,761	\$3,980	
36 Fees and Permits			
37 Rezoning Application	\$1,300	\$108	Schd. A to By-law No. 2016-79 - UR1 To URM Rezoning
38 Official Plan Amendment Application	\$0	\$0	Schedule A to By-law No. 2016-79 - Not Need Likely
39 Site Plan Approval Application	\$300	\$25	Schedule A to By-law No. 2016-79

40	Building Permit Fees	\$27,811.75	\$2,318	\$14.000	\$14.00 per \$1000 of project value(construction costs)
41	Development Charges				
42	Local	\$74,477	\$6,206	\$6,206	BY-LAW NO. 2014-54 2017 Rate
43	School Board Levy	\$0	\$0	\$0	To be confirmed N/A
44	Fees and Permits Sub-total	\$103,889	\$8,657		
45	Soft Costs Summary	Total Cost	Per Unit		Comments
46	Soft Costs Sub-total (8,16,25,35,44)	\$541,978	\$45,165		
47	Soft Cost Contingency	\$54,198	\$4,516	10.0%	includes financing costs of \$47,761
48	Soft Costs Total	\$596,176	\$49,681		

49 **HARD COSTS**

50	Construction Costs	Total Cost	Per Unit		Comments
51	Base Construction Cost, Residential	\$1,701,792	\$141,816	\$160	per square foot of construction
52	Site Servicing	\$68,000	\$5,667		Site Servicing & Septic
53	Hydro Connection Fee	\$10,000	\$833		only those costs beyond allowance in construction contract
54	Fire Safety Plan	\$2,200	\$183		Based on similar projects; required for occupancy
55	Appliances (Fridge & Stove)	\$12,000	\$1,000	\$1,000	\$1,000 per unit for a fridge and a stove for non-modified units
56	Appliances (Washer/Dryer)	\$6,966	\$581	\$6,966	Commercial washer \$2,215, commercial dryer \$1,268. Use 1 set per 9 units.
57	Furniture and Equipment	\$5,000	\$417		Office & Common Room
58	Contingency	\$180,596	\$15,050	10.0%	of construction costs
59	Construction Costs Sub-total	\$1,986,554	\$165,546		

60	Land / Property Acquisition Costs	Total Cost	Per Unit		Comments
61	Purchase Price / Value	\$20,000	\$1,667		SFCSC will transfer their portion of land for a nominal amount
62	Provincial Land Transfer Tax	\$100	\$8		First \$55,000 at 0.5% + \$55,000-\$250,000 at 1% + \$250,000 and up 1.5%
63	Land Cost Sub-total	\$20,100	\$1,675		

64	TOTAL CAPITAL COSTS	Total Cost	Per Unit		Comments
65	Hard Cost Total	\$2,006,654	\$167,221		
66	Soft Cost Total	\$596,176	\$49,681		
67	HST	\$319,806	\$26,651	13%	
68	Total Project Cost	\$2,922,636	\$243,553		

69	Contributions	Total Cost	Per Unit		Comments
70	Rezoning Application waived	\$1,300	\$108		Waived as per funding agreement
71	Official Plan Amendment Application waived	\$0	\$0		Waived as per funding agreement
72	Site Plan Approval Application waived	\$300	\$25		Waived as per funding agreement
73	Building Permit Fees waived	\$27,812	\$2,318		Waived as per funding agreement
74	Development Charges				Waived as per funding agreement
75	Local Development Charges waived	\$74,477	\$6,206		Waived as per funding agreement
76	School Board Levy waived	\$0	\$0		Must confirm not charged
77	County Equity Contribution	\$350,000	\$29,167		County Equity Contribution
78	Additional Equity Required	\$350,000	\$29,167		Additional Equity Required for 1.20 DCR
79	Capital Contribution: Investment in Affordable Housing for Ontario	\$900,000	\$75,000	\$150,000	per unit or 75% of total capital cost per funded unit, whichever is less. For Funded Units Above
80	Additional Contribution	\$0	\$0		
81	HST rebate (PST portion)	\$158,099	\$13,175	82%	rebate applied to the PST portion of HST, residential component only
82	HST rebate (GST portion)	\$60,251	\$5,021	50%	rebate applied to the GST portion of HST, residential component only
83	Total Contributions	\$1,922,239	\$160,187		
84	Total Project Cost Less Contributions	\$1,000,397	\$83,366		

85	Mortgage				Comments
86	Mortgage Amount	\$1,000,397			
87	Mortgage Interest Rate	3.25%			based on most recent lender quotes
88	Mortgage Amortization	40 years			
89	Annual Mortgage Payments	\$44,569			

89	Operating Budget	South Frontenac Community Services			
89	First Full Year	4295 Stage Coach Rd			
90	Estimated Operating Revenue	Total	Per Unit		Comments
91	Rental Income from Tenants	\$115,992	\$9,666		
92	Rent Supplement/Subsidy Top-Up	\$0	\$0		Top-up to 100% AMR on RGI units only
93	Commercial Rental Income	\$0	\$0		\$1 per SF of Commercial rental space
94	Utilities Recovery (ie. from commercial tenants)	\$0	\$0		0% of Heat, Electricity, and Water/Sewer costs
95	Laundry Revenue	\$3,120	\$260		Estimated at \$5 per unit per week
96	Parking Revenue	\$0	\$0		Estimated at \$40 per parking space per month
98	Vacancy Loss	-\$3,573	-\$298		3% of Rental, Parking, Laundry, Locker, Commercial Revenue
99	Total Operating Revenue	\$115,539	\$9,628		

100	Estimated Operating Expenses	Total	Per Unit	Comments
101	Maintenance - Salaries	\$4,800	\$400	Based on \$300 Per Unit
102	Maintenance - Materials & Services	\$10,200	\$850	Based on \$650 Per Unit
103	Heat	\$2,400	\$200	Heat for common areas only
104	Electricity	\$1,920	\$160	Tenant Pays Hydro
105	Water/Sewer	\$4,800	\$400	Building Pays Water
106	Administrative Salaries	\$0	\$0	Included in Property Management Fee
107	Property Management Fee	\$7,590	\$632	6% of (100% AMR + other revenue)
108	Other Administrative Materials & Services	\$3,000	\$250	Based on \$250 per Unit
109	Capital Replacement Reserves Contribution	\$5,203	\$434	4% of 100% Average Market Rent and Other Income
110	Insurance	\$2,400	\$200	Minimum of \$200 per unit, adjust based on owner's portfolio average
111	Property Taxes	\$16,200	\$1,350	Property Tax Rate - Funded & Market
112	HST	\$3,456	\$288	Assumes that all Operating expenses are before tax
113	HST Rebate	\$0	\$0	Only applicable to groups with municipal status
114	Sub-total	\$61,969	\$5,164	
115	Mortgage Payments	\$44,569	\$3,714	
116	Total Operating Expenses	\$106,538	\$8,878	
117	Net Operating Income	\$53,570		
118	Debt Service	\$44,569		
119	Debt Coverage Ratio	1.20		Should be 1.2 for residential building with 100% funded units
120	Net Operating Profit/Loss	\$9,001		

Option 2 - Market Model

Project Statistics

Sponsor Group: South Frontenac Community Services Construction Period: 12 months
 Project Address: 4295 Stage Coach Rd
 Project Type: New Construction
 Site Area: 115,851 SF
 10,763 m²

Units	# of Units	Unit Size (SF)	Unit Size (m ²)	Rent per unit per month	Rents as % of AMR	100% AMR	Comments
1 Bedroom, IAH Funded	0	589	54.7	\$603	80%	\$754	2015 Kingston CMA and Zone 4 Data
1 Bedroom, IAH Funded, Modified	0	589	54.7	\$603	80%	\$754	2015 Kingston CMA and Zone 4 Data
2 Bedroom, IAH Funded	0	806	74.8	\$807	80%	\$1,009	2015 Kingston CMA and Zone 4 Data
1 Bedroom, Not Funded	6	589	54.7	\$754	100%	\$754	2015 Kingston CMA and Zone 4 Data
2 Bedroom, Not Funded	6	806	74.8	\$1,008	100%	\$1,009	2015 Kingston CMA and Zone 4 Data
Total # of RGI Units	Total # of Units	Total Size of Dwelling Units		Actual Total Rent Per Annum from Tenants (\$ and % of AMR)		Total Rent, All Units, All Sources	Total AMR Rent, All Units
0	12	8,365	777.1	\$126,864	99.9%	\$126,864	\$126,950

	(SF)	(m ²)	% of Total Space	Comments
Circulation	1,198	111	11.26%	1 Storey Double Loaded Hallway
Community Room	455	42	4.27%	Common Room
Office	310	29	2.91%	Corner Office
Laundry	310	29	2.91%	Laundry
Total Building Area	10,636	988		

Total parking spaces	14
Revenue generating parking spaces	0
Number of storage lockers	0

Capital Budget South Frontenac Community Services
 4295 Stage Coach Rd

SOFT COSTS

	Total Cost	Per Unit	Comments
1 Professional Fees			
2 Architect, Engineer, Landscape	\$134,828.16	\$11,236	6.0% of construction costs plus HST, excludes group's appliances
3 Cost Consultant (Quantity Surveyor)	\$25,000	\$2,083	Based on similar projects
4 Development Consultant	\$110,000	\$9,167	3.7% of total project costs
5 Planning Consultant	\$10,000	\$833	Needed for Rezoning
6 Disbursements (Architect/Engineers)	\$5,000	\$417	Based on similar projects
7 Septic design/testing	\$10,000	\$833	Based on similar projects
8 Building Sub-total	\$294,828	\$24,569	

	Total Cost	Per Unit	Comments
9 Site			
10 Building and Property Appraisal	\$5,000	\$417	Based on similar projects
11 Topographic Survey	\$2,500	\$208	Based on similar projects
12 Boundary Surveys	\$2,500	\$208	Based on similar projects
13 Geotechnical Assessment	\$7,500	\$625	Based on similar projects
14 Environmental Assessment	\$5,000	\$417	\$5,000 minimum ESA Phase 1
15 Other Site Studies	\$7,500	\$625	Use for projects where actual studies not known
16 Site Sub-total	\$30,000	\$2,500	

	Total Cost	Per Unit	Comments
17 Legal and Organizational			
18 Legal Fees	\$25,000	\$2,083	Based on similar projects
19 Organizational Expenses	\$10,000	\$833	Based on similar projects
20 Marketing/Rent-up	\$6,000	\$500	Use \$500 per unit as minimum for non-RGI units
21 Capital Cost Audit	\$7,000	\$583	Based on similar projects
22 Market Appraisal for HST purposes	\$8,000	\$667	typical cost \$8,000, needed if project's Fair Market Value will
23 Property Taxes During Construction	\$4,500	\$375	0.00% use vacant land tax rate or multi residential tax rate and app
24 Insurance During Construction	\$5,000	\$417	Assumes builder's risk, etc. carried by contractor
25 Legal and Organizational Sub-total	\$65,500	\$5,458	

	Total Cost	Per Unit	Comments
26 Financing Costs			
27 Interest During Construction	\$18,810	\$1,568	4.80% interest during construction
28 Lender's Legal Financing Fee	\$10,000	\$833	To be confirmed by financing proposal/agreement
29 Lender's Mortgage Advance Fee	\$1,750	\$146	\$350 per cash advance, charged on all advances
30 Lender's Application Fee	\$8,000	\$667	Varies, to be confirmed by financing proposal/agreement
31 CMHC Mortgage Insurance Application Fee on Residential Units	\$2,400	\$200	\$200 per unit for the first 100 units, \$100 thereafter, 0.3% of non-residential loan amount
32 CMHC Mortgage Insurance Premium on Non-funded Residential Portion	\$12,602	\$1,050	4.50% residential funded portion: premiums waived; non-funded and commercial portion: 4.5% of Loan Value
33 Insurance Consultant and Title Insurance	\$4,000	\$333	
34 CMHC Mortgage Advance Fee	\$1,050	\$88	\$350 per cash advance, first 2 draws not charged
35 Financing Costs Sub-Total	\$58,612	\$4,884	

	Total Cost	Per Unit	Comments
36 Fees and Permits			
37 Rezoning Application	\$1,300	\$108	Schd. A to By-law No. 2016-79 - UR1 To URM Rezoning
38 Official Plan Amendment Application	\$0	\$0	Schedule A to By-law No. 2016-79 - Not Need Likely
39 Site Plan Approval Application	\$300	\$25	Schedule A to By-law No. 2016-79

40	Building Permit Fees	\$27,811.75	\$2,318	\$14,000	\$14.00 per \$1000 of project value(construction costs)
41	Development Charges				
42	Local	\$74,477	\$6,206	\$6,206	BY-LAW NO. 2014-54 2017 Rate
43	Fees and Permits Sub-total	\$103,889	\$8,657		

44	Soft Costs Summary	Total Cost	Per Unit	Comments
45	Soft Costs Sub-total (8,16,25,35,43)	\$552,829	\$46,069	
46	Soft Cost Contingency	\$55,283	\$4,607	10.0% includes financing costs of \$58,612
47	Soft Costs Total	\$608,112	\$50,676	

48 **HARD COSTS**

49	Construction Costs	Total Cost	Per Unit	Comments
50	Base Construction Cost, Residential	\$1,701,792	\$141,816	\$160 per square foot of construction
51	Site Servicing	\$68,000	\$5,667	Site Servicing & Septic
52	Hydro Connection Fee	\$10,000	\$833	only those costs beyond allowance in construction contract
53	Fire Safety Plan	\$2,200	\$183	Based on similar projects; required for occupancy
54	Appliances (Fridge & Stove)	\$12,000	\$1,000	\$1,000 per unit for a fridge and a stove for non-modified units
55	Appliances (Washer/Dryer)	\$6,966	\$581	\$6,966 Commercial washer \$2,215, commercial dryer \$1,268. Use 1 set per 9 units.
56	Furniture and Equipment	\$5,000	\$417	Office & Common Room
57	Contingency	\$180,596	\$15,050	10.0% of construction costs
58	Construction Costs Sub-total	\$1,986,554	\$165,546	

59	Land / Property Acquisition Costs	Total Cost	Per Unit	Comments
60	Purchase Price / Value	\$20,000	\$1,667	SFCS will transfer their portion of land for a nominal amount
61	Provincial Land Transfer Tax	\$100	\$8	First \$55,000 at 0.5% + \$55,000-\$250,000 at 1% + \$250,000 and up 1.5%
62	Land Cost Sub-total	\$20,100	\$1,675	

63	TOTAL CAPITAL COSTS	Total Cost	Per Unit	Comments
64	Hard Cost Total	\$2,006,654	\$167,221	
65	Soft Cost Total	\$608,112	\$50,676	
66	HST	\$321,135	\$26,761	13%
67	Total Project Cost	\$2,935,900	\$244,658	

68	Contributions	Total Cost	Per Unit	Comments
69	Rezoning Application waived	\$1,300	\$108	Assuming Fee Waived
70	Official Plan Amendment Application waived	\$0	\$0	Assuming Fee Waived
71	Site Plan Approval Application waived	\$300	\$25	Assuming Fee Waived
72	Building Permit Fees waived	\$27,812	\$2,318	Assuming Fee Waived
73	Development Charges			Waived as per funding agreement
74	Local Development Charges waived	\$74,477	\$6,206	Assuming Fee Waived
75	County Equity Contribution	\$350,000	\$29,167	County Equity Contribution
76	Additional Equity Required	\$1,095,000	\$91,250	Additional Equity Required for 1.20 DCR
77	Capital Contribution: Investment in Affordable Housing for Ontario	\$0	\$0	\$150,000 per unit or 75% of total capital cost per funded unit, whichever is less. For Funded Units Above
78	Additional Contribution	\$0	\$0	
79	HST rebate (PST portion)	\$158,770	\$13,231	82% rebate applied to the PST portion of HST, residential component only
80	HST rebate (GST portion)	\$60,507	\$5,042	50% rebate applied to the GST portion of HST, residential component only
81	Total Contributions	\$1,768,165	\$147,347	
82	Total Project Cost Less Contributions	\$1,167,735	\$97,311	

83	Mortgage			Comments
84	Mortgage Amount	\$1,167,735		
85	Mortgage Interest Rate	3.25%		based on most recent lender quotes
86	Mortgage Amortization	40 years		
87	Annual Mortgage Payments	\$52,024		

87 **Operating Budget** South Frontenac Community Services
87 **First Full Year** 4295 Stage Coach Rd

88	Estimated Operating Revenue	Total	Per Unit	Comments
89	Rental Income from Tenants	\$126,864	\$10,572	
90	Rent Supplement/Subsidy Top-Up	\$0	\$0	Top-up to 100% AMR on RGI units only
91	Commercial Rental Income	\$0	\$0	\$1 per SF of Commercial rental space
92	Utilities Recovery (ie. from commercial tenants)	\$0	\$0	0% of Heat, Electricity, and Water/Sewer costs
93	Laundry Revenue	\$3,120	\$260	Estimated at \$5 per unit per week
94	Parking Revenue	\$0	\$0	Estimated at \$40 per parking space per month
96	Vacancy Loss	-\$3,900	-\$325	3% of Rental, Parking, Laundry, Locker, Commercial Revenue
97	Total Operating Revenue	\$126,084	\$10,507	

98	Estimated Operating Expenses	Total	Per Unit	Comments
99	Maintenance - Salaries	\$4,800	\$400	Based on \$300 Per Unit
100	Maintenance - Materials & Services	\$10,200	\$850	Based on \$650 Per Unit

101	Heat	\$2,400	\$200	Heat for common areas only
102	Electricity	\$1,920	\$160	Tenant Pays Hydro
103	Water/Sewer	\$4,800	\$400	Building Pays Water
104	Administrative Salaries	\$0	\$0	Included in Property Management Fee
105	Property Management Fee	\$7,570	\$631	6% of (100% AMR + other revenue)
106	Other Administrative Materials & Services	\$3,000	\$250	Based on \$250 per Unit
107	Capital Replacement Reserves Contribution	\$5,203	\$434	4% of 100% Average Market Rent and Other Income
108	Insurance	\$2,400	\$200	Minimum of \$200 per unit, adjust based on owner's portfolio average
109	Property Taxes	\$18,000	\$1,500	Property Tax Rate - Market
110	HST	\$3,454	\$288	Assumes that all Operating expenses are before tax
111	HST Rebate	\$0	\$0	Only applicable to groups with municipal status
112	Sub-total	\$63,747	\$5,312	
113	Mortgage Payments	\$52,024	\$4,335	
114	Total Operating Expenses	\$115,771	\$9,648	
115	Net Operating Income	\$62,338		
116	Debt Service	\$52,024		
117	Debt Coverage Ratio	1.20		Should be 1.2 for residential building with 100% funded units
118	Net Operating Profit/Loss	\$10,314		