

Housing Revitalization Plan

City of Cornwall and the United Counties of SD&G

28 September 2020



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Housing Revitalization Plan

City of Cornwall and the United Counties of SD&G

Introductions

City of Cornwall & SDG – Housing Revitalization Plan

Presenters

- Surya Pulickal, Colliers Project Leaders
- Jeff Doyle, Doyletech
- Jesse McPhail, Re:Public Urbanism

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Key

Abbreviations	Expansion/Description
PNP	Private Non-Profit service provider
LHC	Local Housing Corporation (refers to Cornwall and Area Housing Corporation (CAHC))
AH	Affordable Housing
LHC-PNP	Originally Private Non-Profit operated, but later absorbed by LHC
LHC-AH	Affordable Housing operated by LHC (CAHC)
PNP-AH	Affordable Housing operated by PNP service provider
RGI	Rent Geared to Income (rent calculated as 30% of tenant's income)
SM	Service Manager

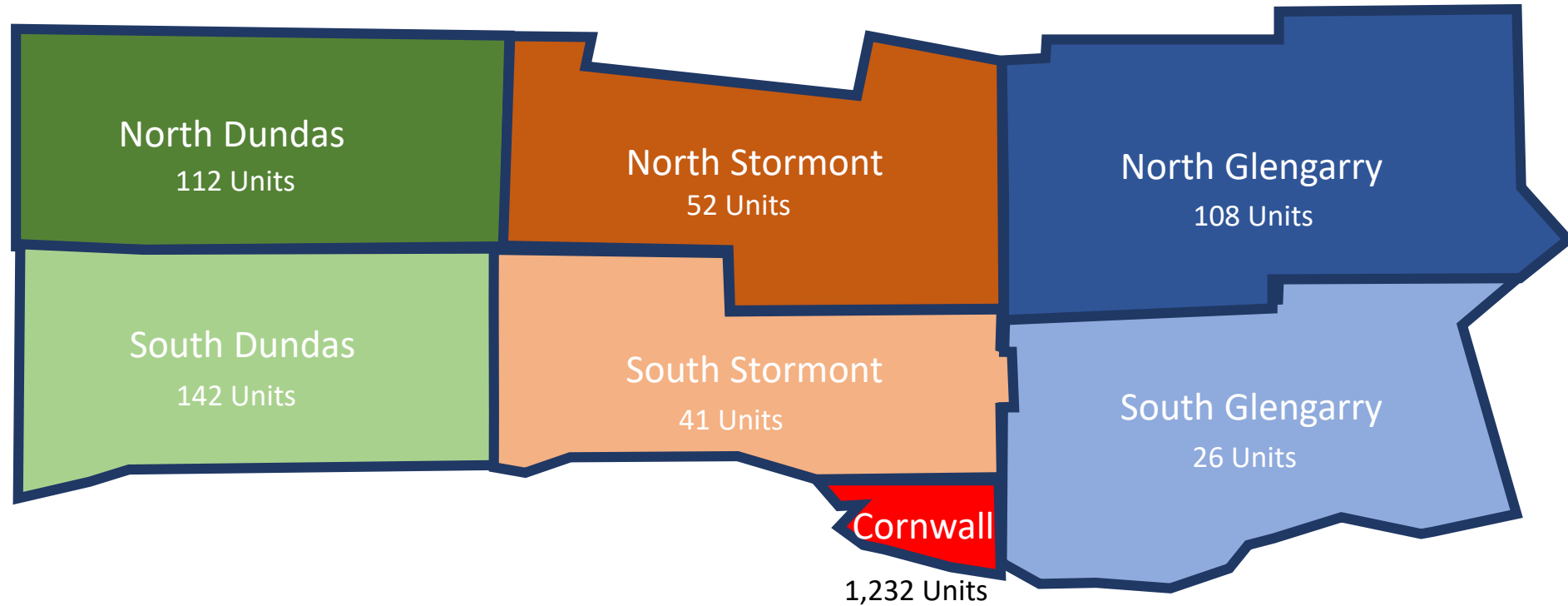
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Current Scenario

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Current Scenario

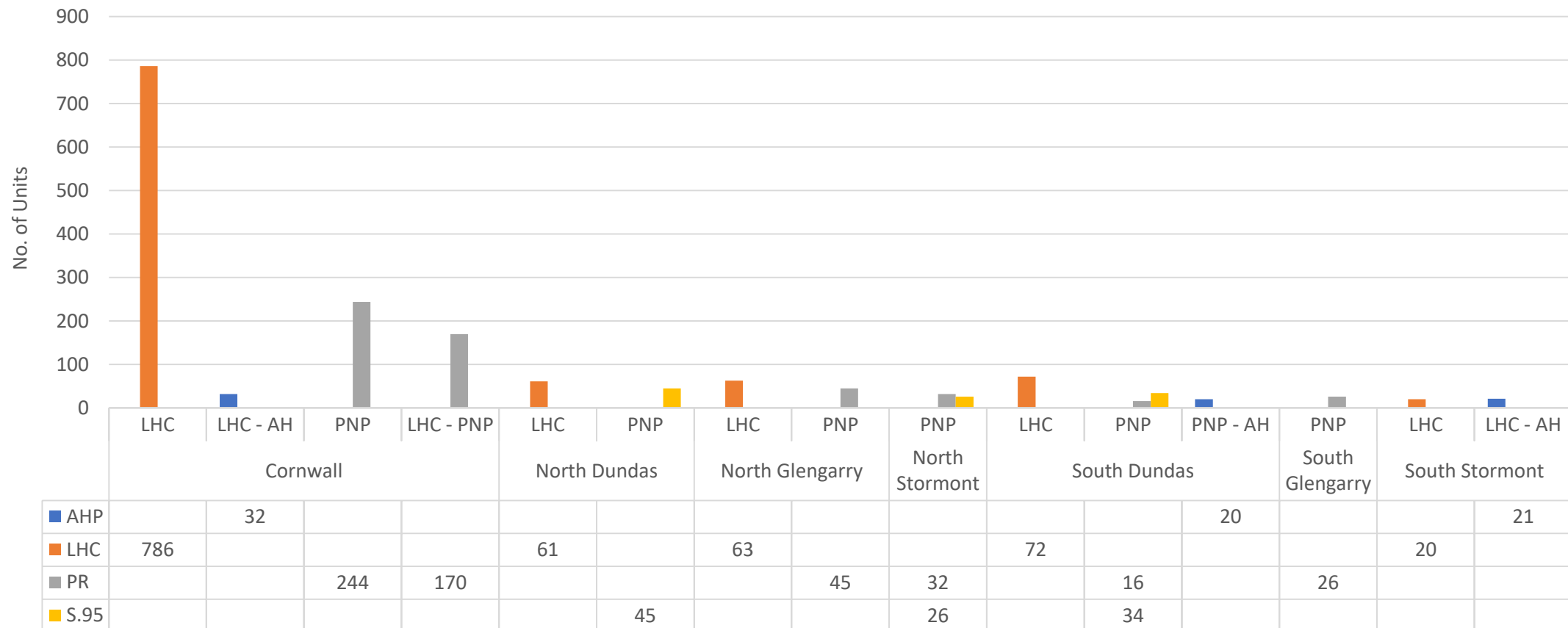


Total 1,713 Units in Cornwall and SDG Area

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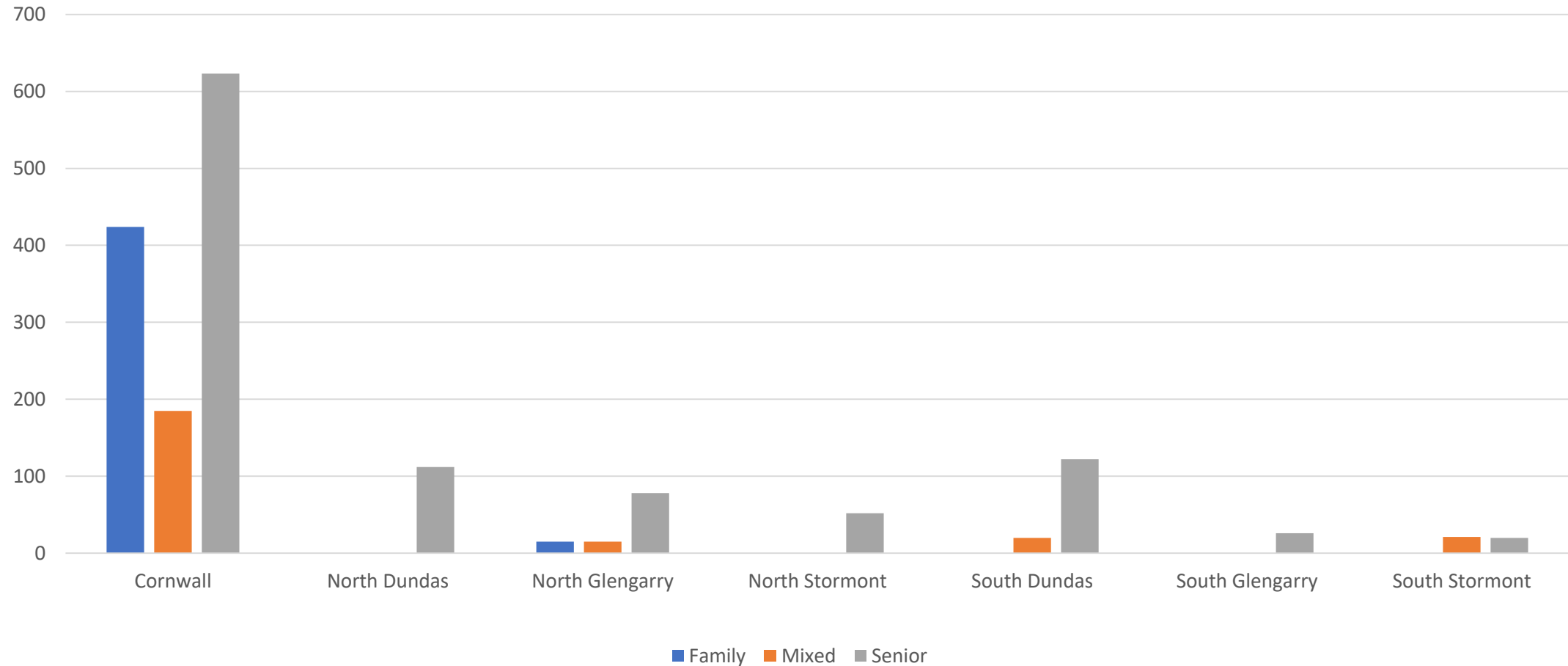
Existing Unit Distribution Across Operator Type, Municipalities and Program Type



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Current Scenario

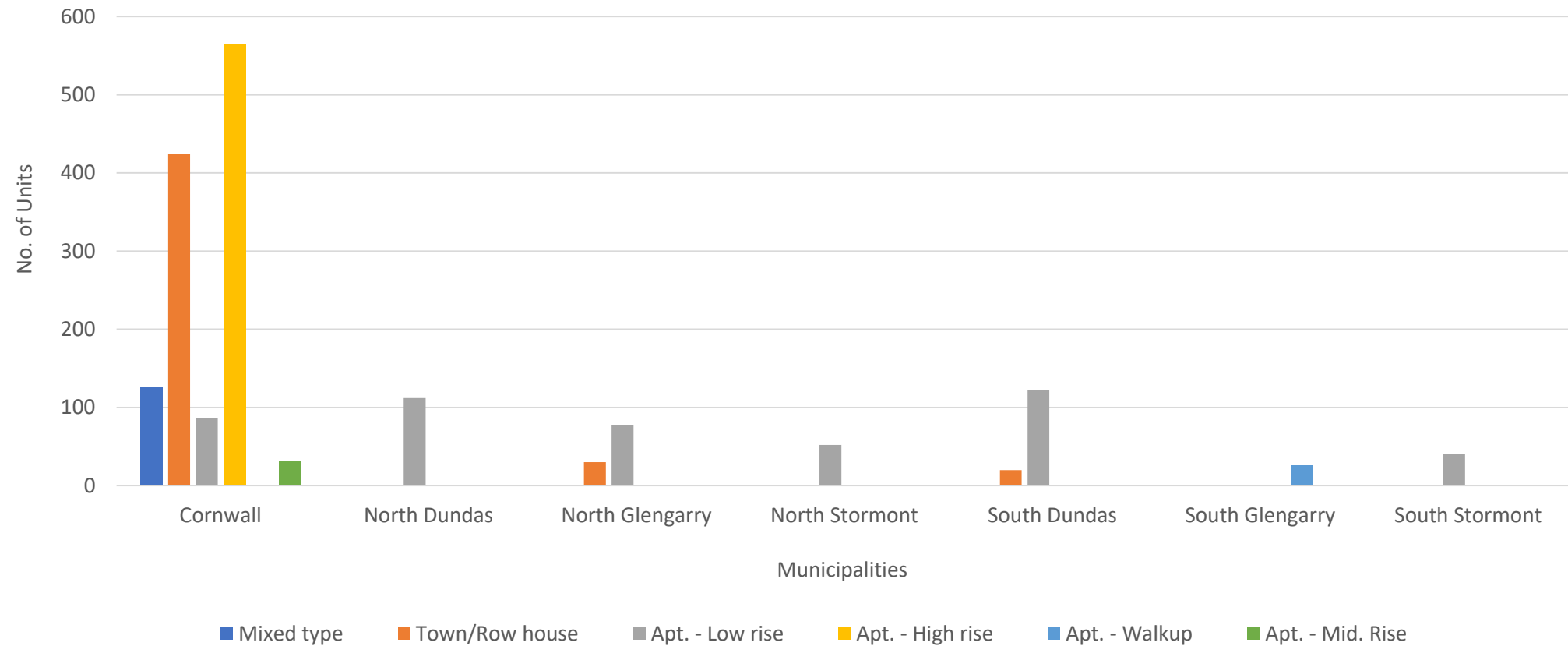
Residential Properties by Municipality and Client Type



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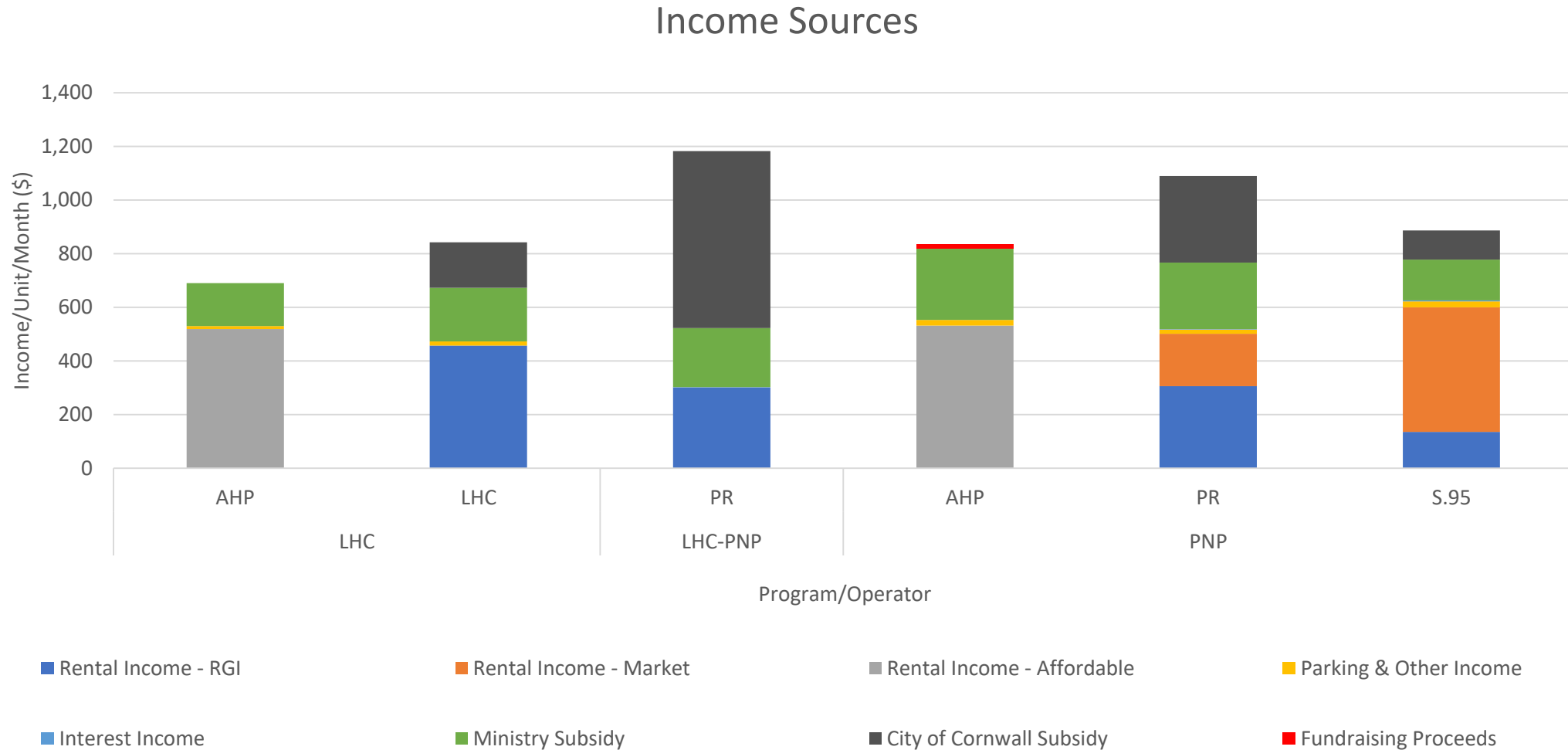
Current Scenario

Distribution of Units, by Building Type and Municipality



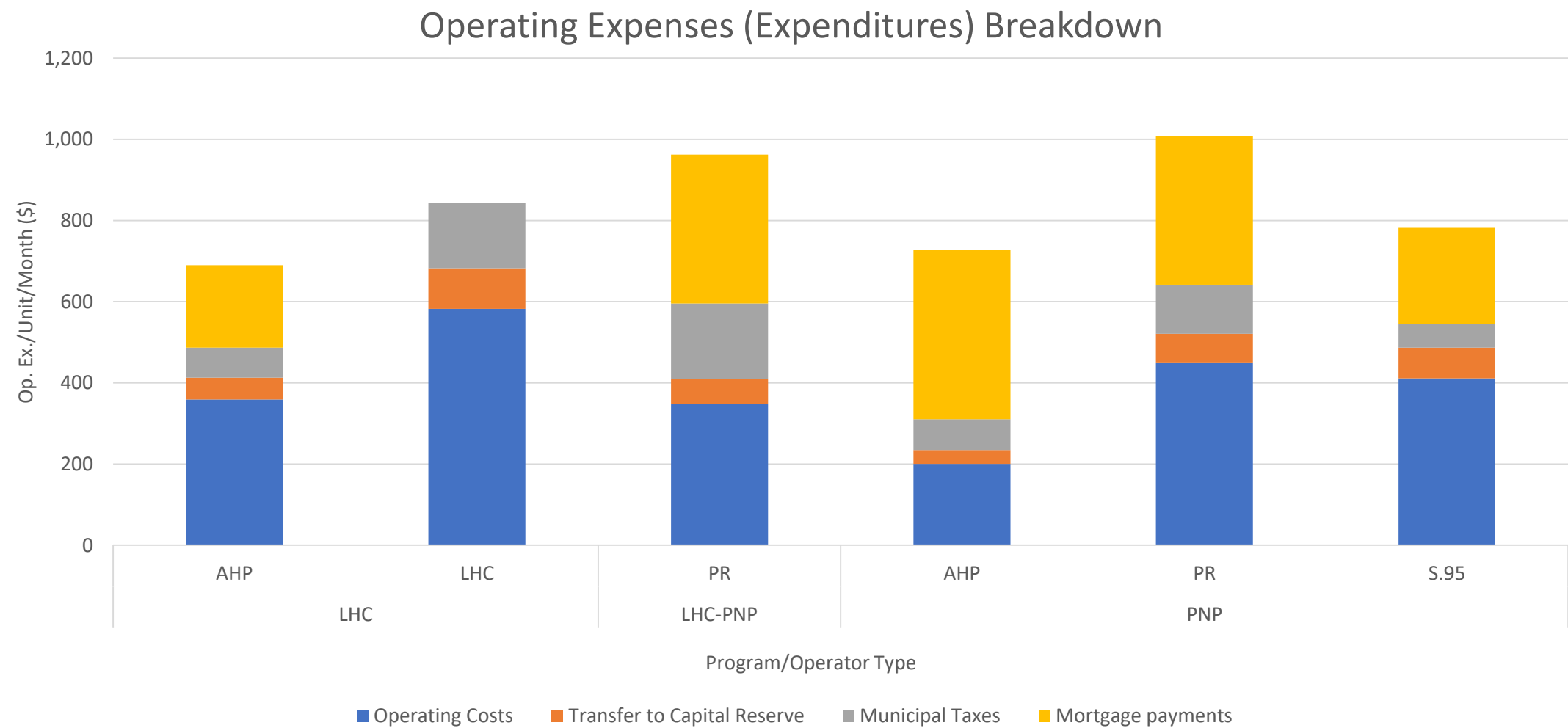
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Current Scenario



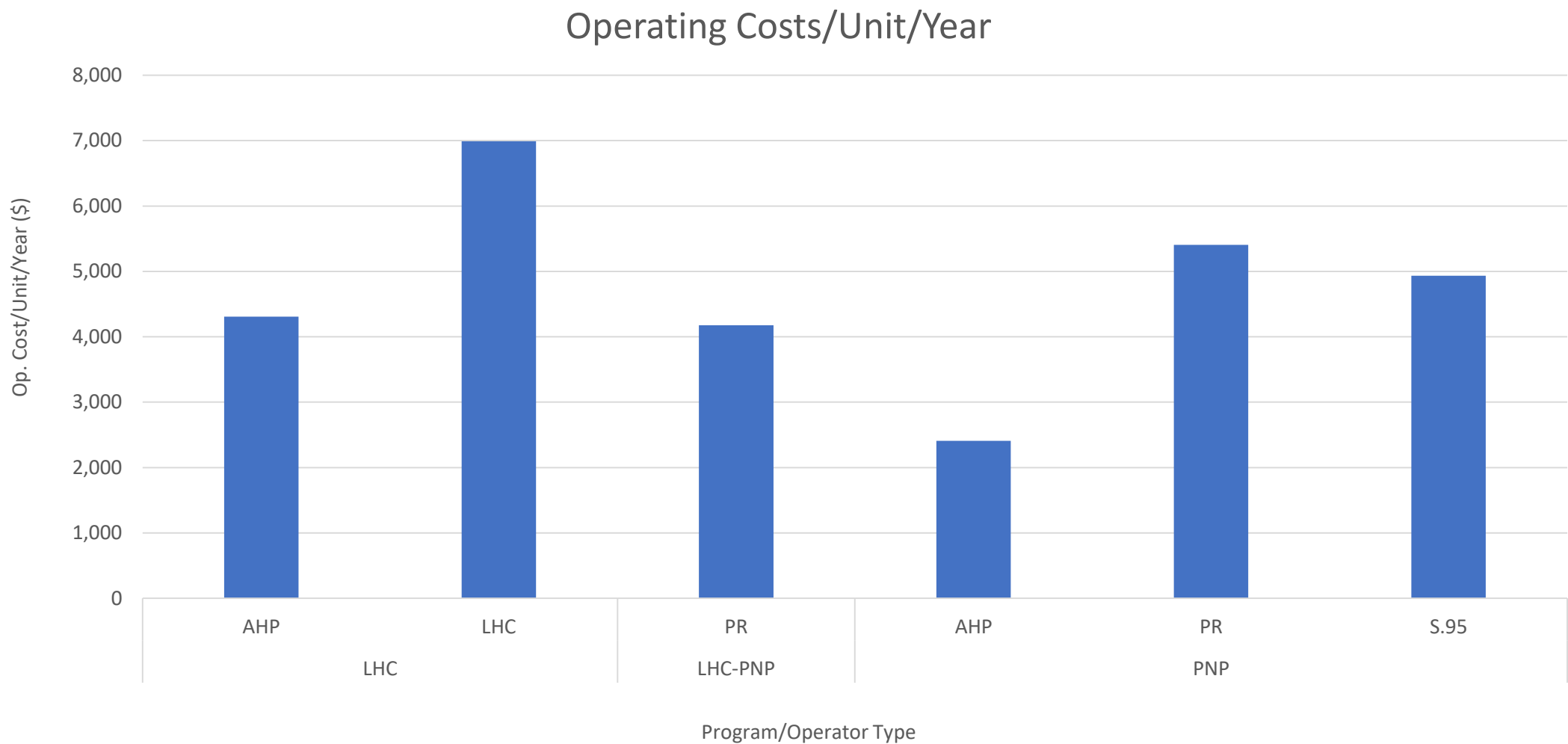
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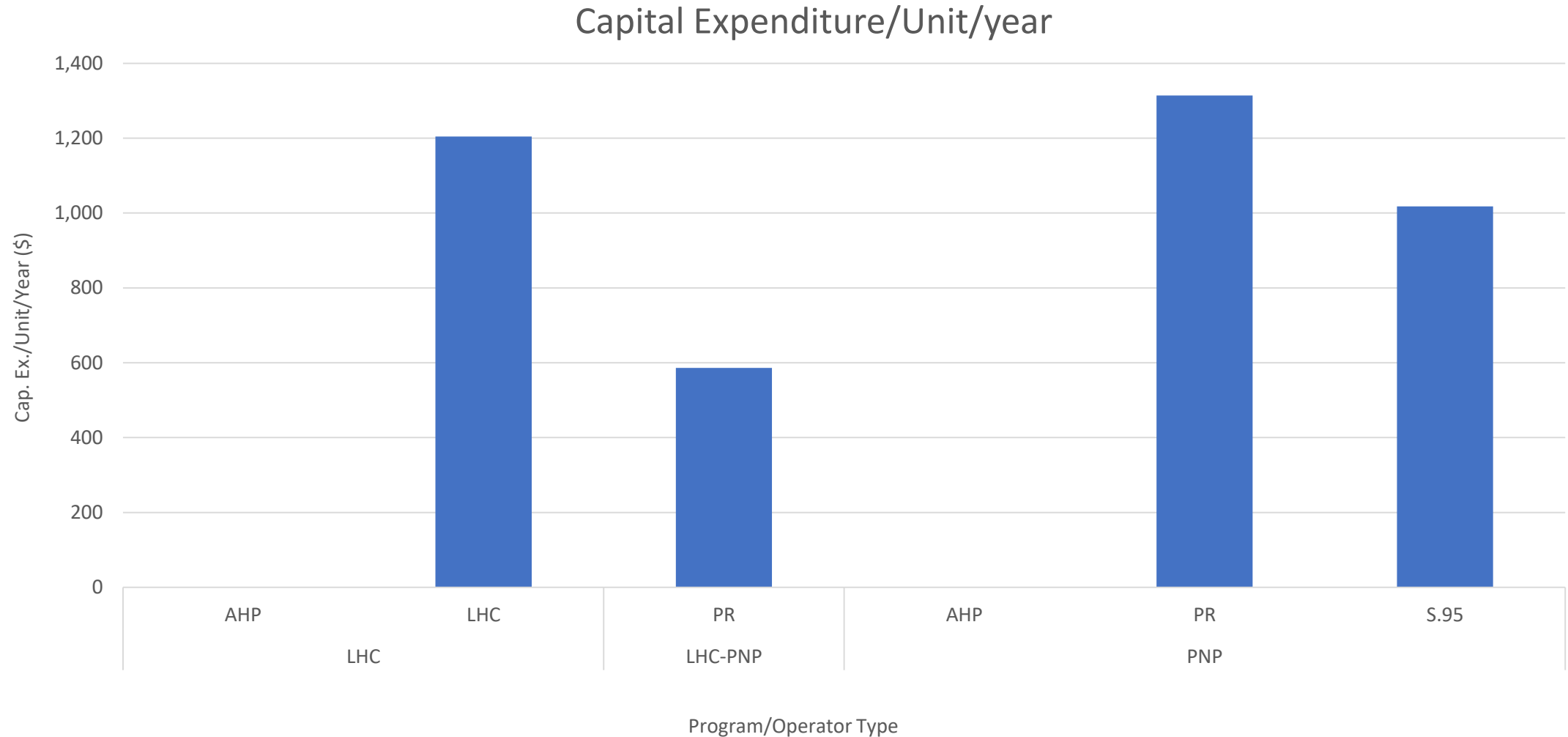
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Current Scenario



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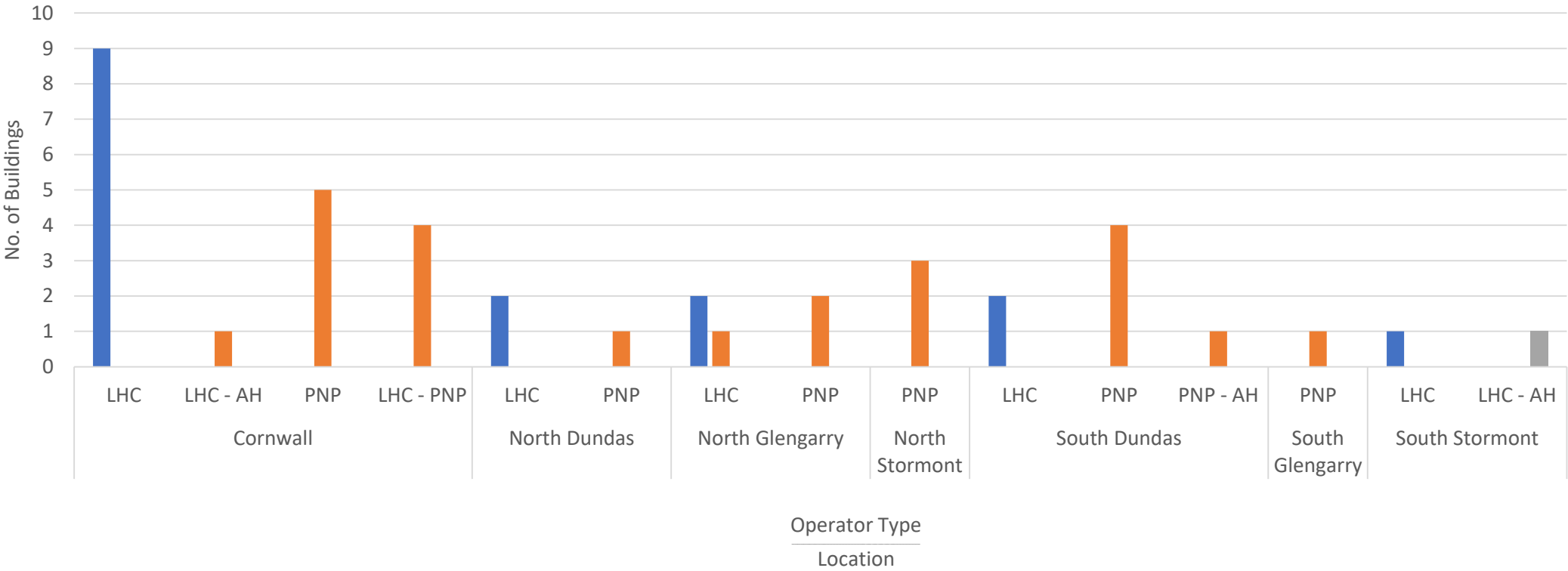
Current Scenario



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Current Scenario

Ongoing Debt Commitments by Debt Type, Operator Type and Location



■ Debtenture ■ Mortgage ■ None

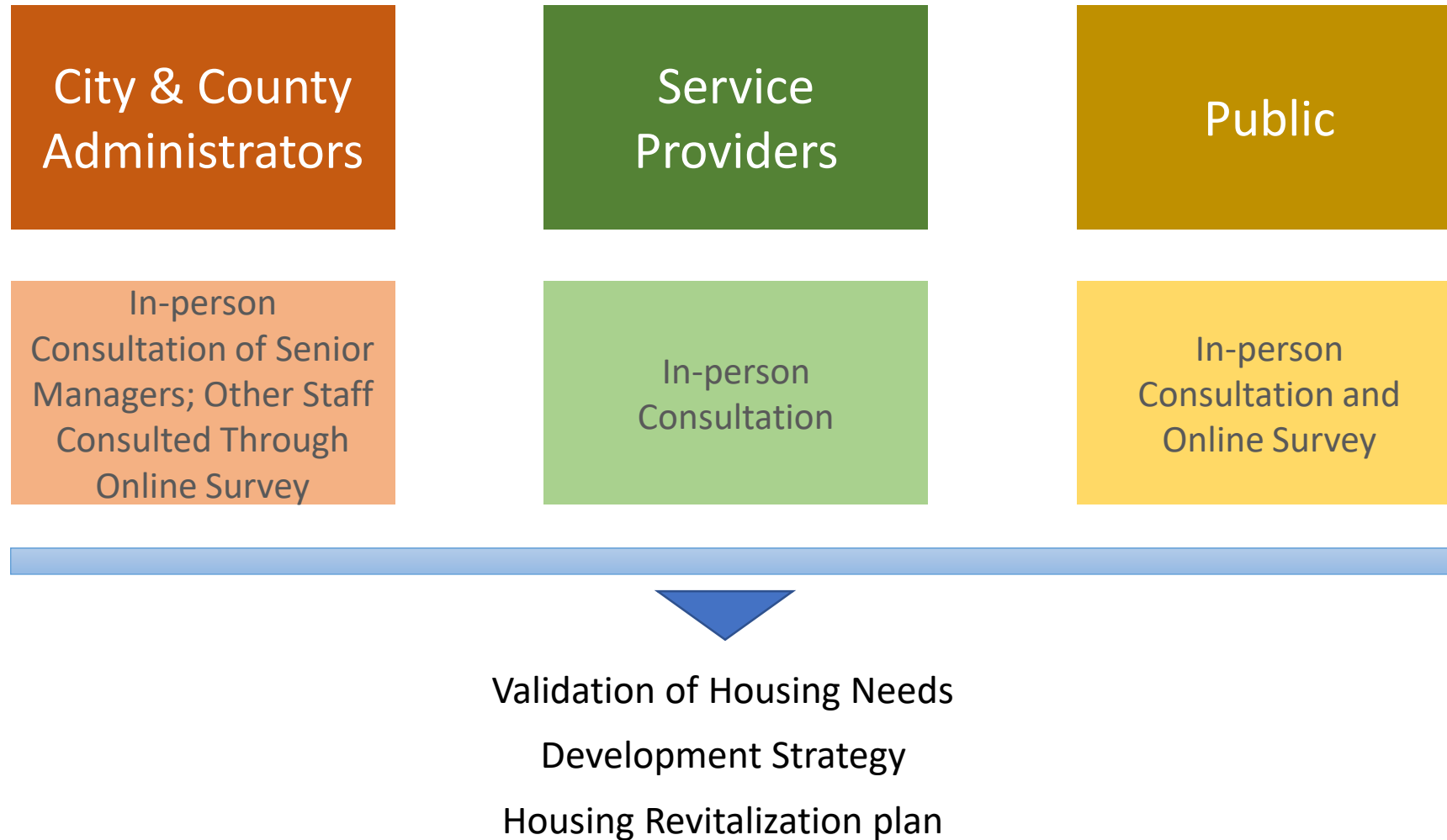
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Consultations

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Consultation Process



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Responses from the Public

Preferred Location

- West Cornwall,
- Long Sault,
- Ingleside,
- Glen Walter,
- Martintown

Other Preferred Locations

- Ottawa,
- other areas of Cornwall,
- Mountain,
- Summertown

Employment

28% Retired
42% Employed Fulltime

Concerns with Quality and Access to housing

80%

Concerns with Quality and Access to housing

80%

Prefers Low Density Housing

22% Rowhouse
32% Semi-detached

Other Housing Preferences

- Single Detached
- Tiny-homes
- Barrier free houses

Development Preferences

- 37% Vacant sites
- 47% Adaptive re-use

Other Development Preferences

- Barrier free spaces (no stairs)
- More suitable units

40% – 60% stated following should change

- State of repair,
- No. of units,
- Visual quality,
- Safety,
- Suitability.

Top 3 Features to Introduce

- Public transit,
- Grocery stores, and
- Well-maintained units.

Top 3 Features for Existing

- Family spaces,
- Parks/playground
- Community garden

80%

Did not currently live in any form of affordable housing

Top 3 Challenges in Finding Affordable Housing

- Wait times,
- Condition
- Affordability

15% - 1 Bed
33% - 2 Bed
30% - 3 Bed
40% - 4 Bed

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Responses from Private Non-Profit Service Providers

Strategic Objective

providing safe, high quality social & affordable housing across the continuum

Ratio of Tenants' Rents to Gross Income
Varies from 15% to 80%

Top 3 Preferences of Tenants

- Social & health services,
- Recreation
- Transit

Top 3 Concerns

- Wait times,
- Suitable units
- Lack of transit

Top Features Preferred by Tenants

- Professional services,
- Personal services

Other Features

- health/mental support
- gym,
- indoor pool,
- transit,
- daycare

Service Providers (SP) Prefer Medium to High Density Housing

SP Preferences

- High density for seniors
- Elevators must
- Fully Accessible
- Barrier free

SP Preferences

- Medium density for families
- Open spaces
- Play areas

Main Users

- Seniors,
- Families (single moms),
- Single non-seniors.

Main Reasons

- lack of employment,
- lack of high paying jobs,
- health issues,
- loneliness

SPs Expect Demand to Peak When Demographic Shifts Towards People Over 60

Families Prefer Urban Areas. Seniors Primarily Prefer Locations Close to Current Residence.

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Responses from City and County Administrators

**Residents First
Approach to
Development**

Strategic Objective

- Sustainable
Growth in
- Population
 - Education
 - Employment
 - Economy

**Affordable
Housing
Pertinent to
Achieving
Strategic Goals.**

**Housing
Solution for
Needs at All Life
Stages and
Circumstances**

- Age-in-place housing
- Suitable housing
- Housing for emergent demographic groups

**Home
Ownership**

**Develop
Regulatory
Framework to
Enable
Developers to
Respond to
Housing Needs**

**Develop
Standardized
Operating
Framework to
Ensure
Minimum
Service Quality**

Challenges

- Lack of private sector involvement
- High cost to tax base
- Inflexible programs

Challenges

- Ability to integrate mental health services
- Low funding vs high demand
- Application management

Challenges

- Lack of investment in infrastructure
- Lack of parking
- Lack of transit

Local housing market lacks designed affordability to allow movement of skilled labour to the area

- High density for smaller units;
- Low density for family units
- Include commercial spaces

Difficult to realize existing affordable housing goals without appropriate funding mechanisms

Development Strategy

- Mixed Use
- Adaptive Re-use
- Broader development partnerships

Primary Users

- Pre-seniors
- Low income families, individuals
- Disabled,
- Single males aged 35+

Primary Reasons

- lack of employment
- health conditions
- addiction issues

**Private
Participation is
Key in Solving
the Housing
Puzzle**

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| Needs Assessment

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Needs Assessment

Population
Projections

Statistics
Canada LIM-AT

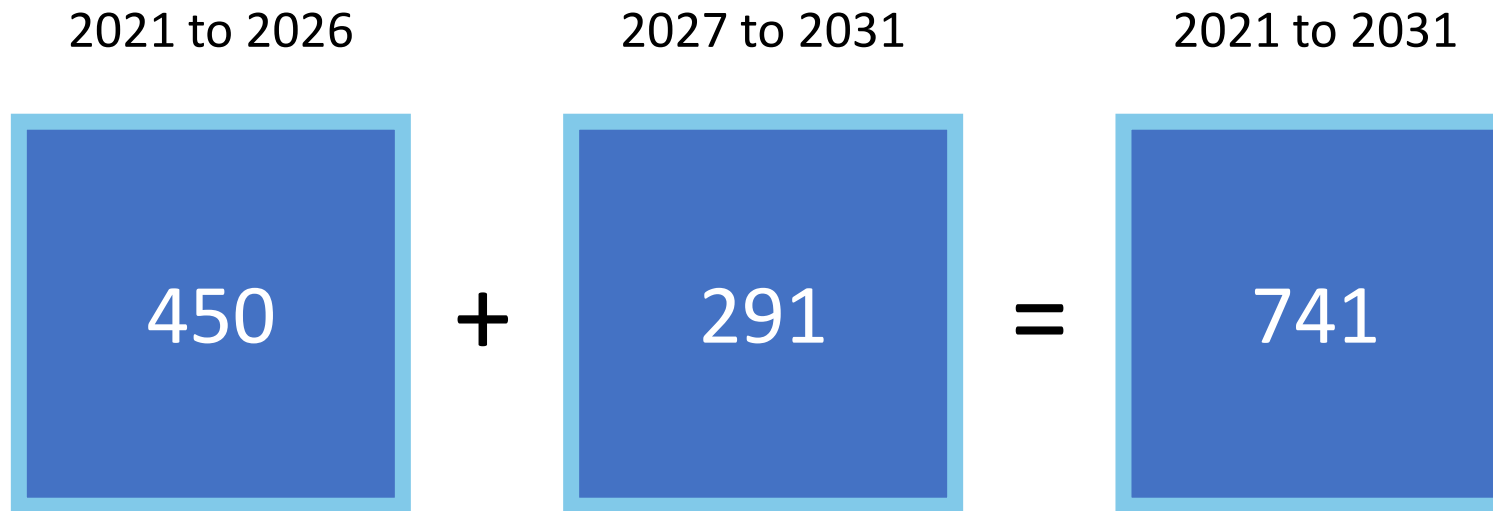
Waitlist Data

Surveys

Anecdotal
Evidence

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Needs Assessment



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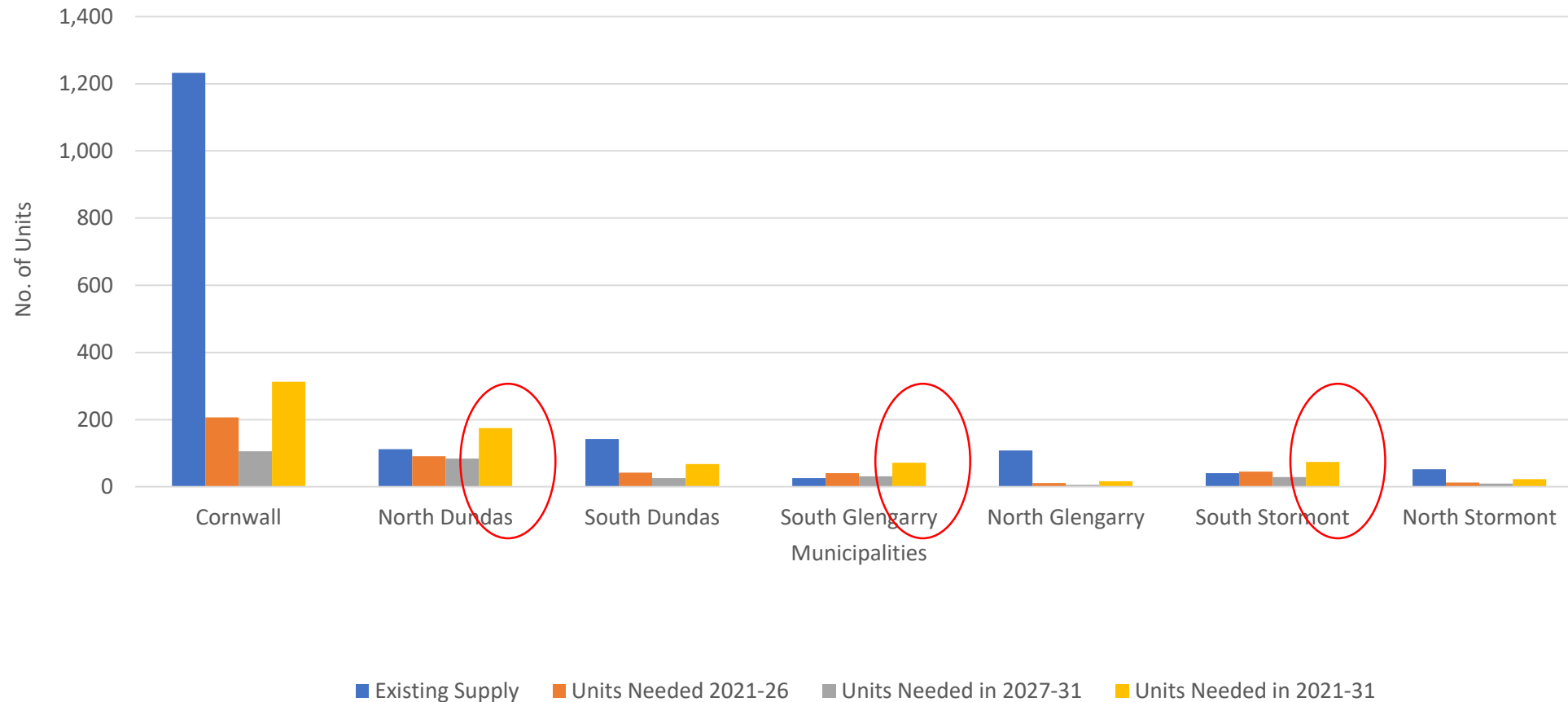
Need by Population Group and Unit Type

Seniors	Non-Senior Singles	Single parent & 1 child	Single parent & 2 children	Family: two adults & 1 child	Family: two adults & 2 children	Family: two adults & 3+ children
1 Bed	1 Bed	2 Bed	3 Bed	2 Bed	3 Bed	4 Bed+
High Demand Increasing	High Demand Increasing	High Demand Increasing	Low Demand Stable or Declining	Low Demand Stable or Declining	Low Demand Declining	Very Low Demand* Declining

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Needs Assessment

Existing Supply, Future Need



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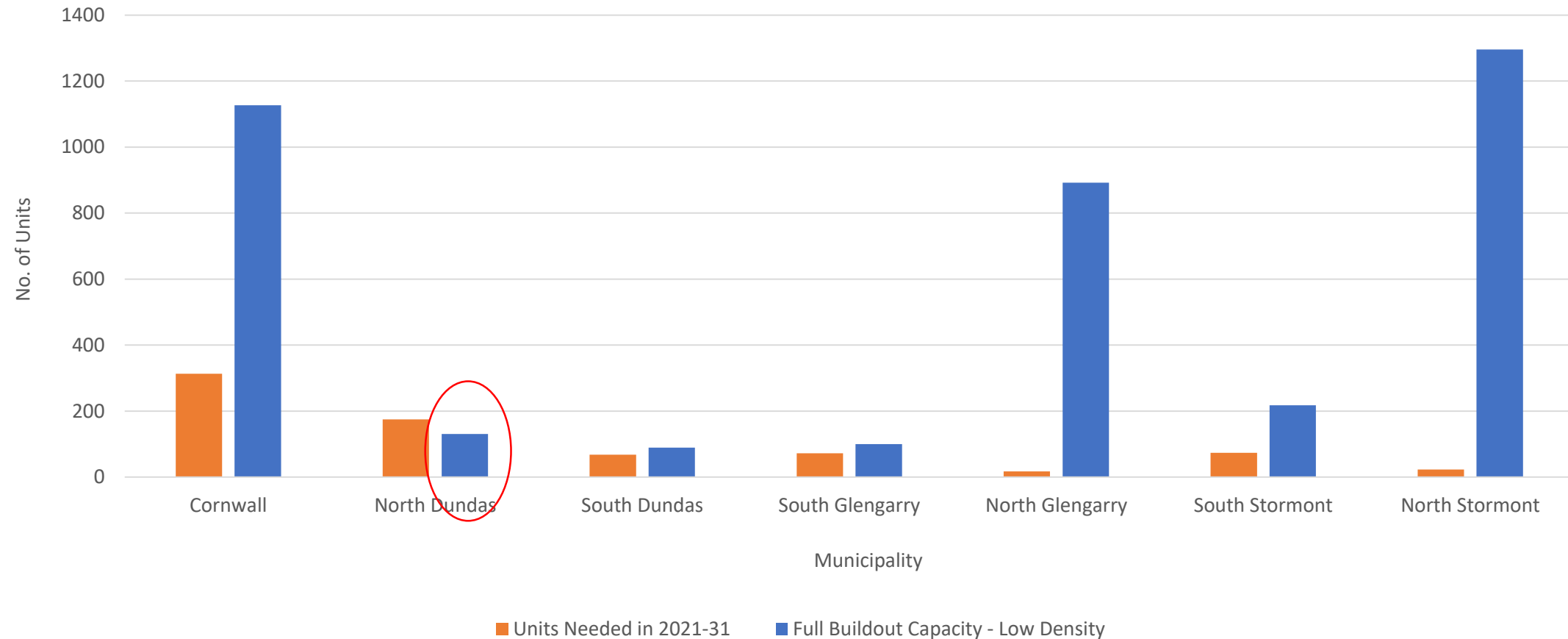
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Development Capacity

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Need Vs. Development Capacity of Sites

Future Need, Available Capacity (Low Density*) to Address Need



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Possibility of Shovel Ready Projects; Ratings – Yes, Possible, No

Yes

- Very minor barriers/challenges anticipated for approvals.
- No apparent constraints identified on site that would challenge development.
- Zoning and Official Plan designations likely do not require amendment.

Possible

- Some limited-to-moderate barriers/challenges anticipated for approvals for development.
- Site constraints may be present, which would also need to be addressed prior to/as a part of development.

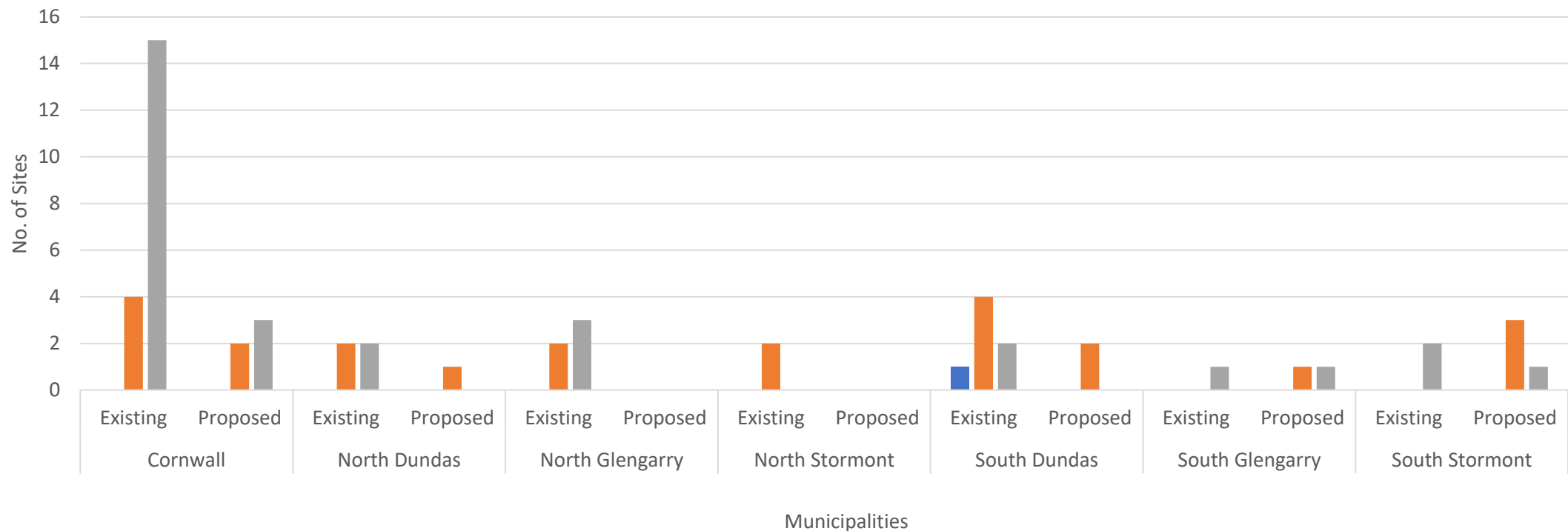
No

- There are significant barriers/challenges anticipated for approvals for development.
- Site constraints are likely present, which would also need to be addressed prior to/as a part of development.

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Possibility of Shovel Ready Projects

Potential Shovel Ready Projects by Municipality and Site Type



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Revitalization Plan

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Revitalization Plan - Economic Case

Human capital is an important determinant of economic performance, contributing to increase productivity, innovation and sustained growth.

Several studies have drawn a ***connection between availability of housing to the wellbeing and prosperity of places***. This can be illustrated using three key aspects:

1. To achieve economic performance, cities should be able to attract and retain a skills base that will encourage inward investment.
2. The City/SDG should align strategies for co-ordinating housing revitalization and economic development interventions to maximize the potential for achieving a virtuous circle that can deliver greater economic inclusion.
3. Investment in affordable housing in itself can be a powerful driver of local economic activity.

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Revitalization Plan - Economic Case

Some of the key direct and indirect connections between affordable housing development and sustainable economic development and growth are discussed below.

Direct Connection - The most direct connection between affordable housing and job creation is through the employment opportunities generated by construction and home repair.

- Developing one residential unit is estimated to generate between two and two-and-a-half new jobs;
- Each \$1 million invested in residential housing development creates between 10 and 12 jobs.
- Jobs generated through residential construction are overwhelmingly local: most are in the area where the unit is built, with the rest usually within the province.
- Such public investment when used in concert with other strategies for neighbourhood renewal can create “multipliers” or continuing effects of an investment as it cycles through the economy.
- It was found that multiplier effects turn each dollar of investment in residential construction into \$1.52 of provincial gross domestic product (GDP).

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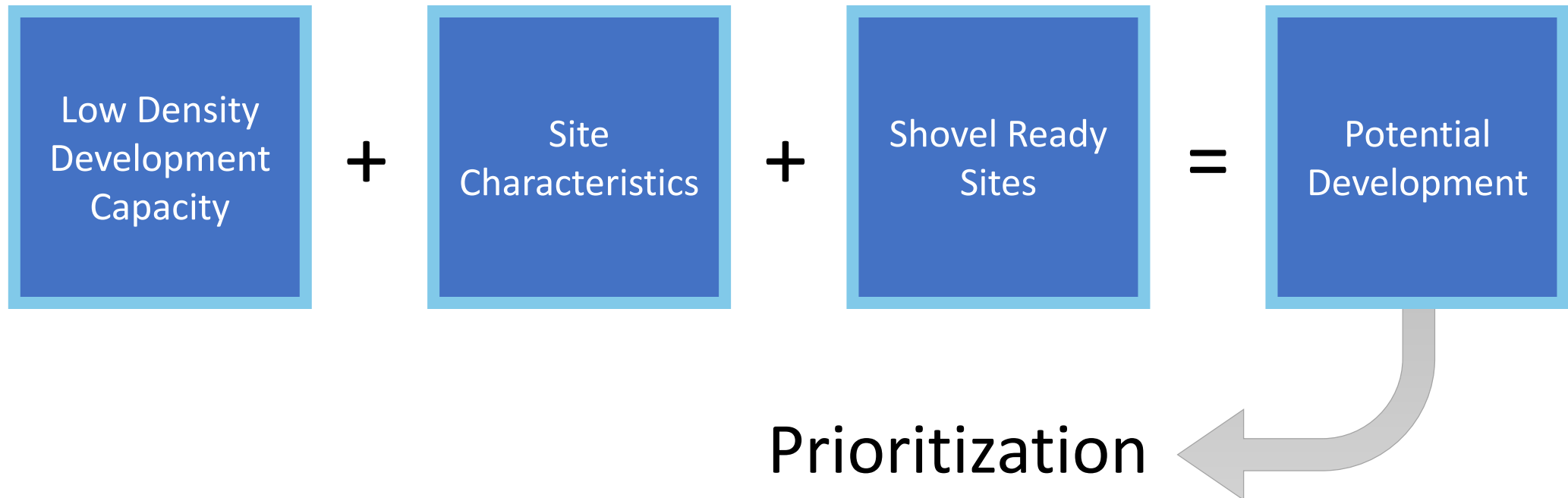
Revitalization Plan - Economic Case

Indirect Connection - There is strong evidence that quality affordable housing also generates improved social and outcomes for low-and-moderate-income households.

- Good quality affordable housing yields positive health and education outcomes by lowering household stress, enabling the purchase of nutritious food, and supporting family stability.
- A healthy and educated workforce can attract employers and job-related investment in communities.
- Children living in inadequate or unaffordable housing are known to perform poorly academically; a secure home improves their likelihood of academic achievement and the completion of post-secondary education.
- As it has been established that post-secondary graduates earn nearly \$5,000 more annually than those with a high school education — a number that is likely to increase as workers advance in their careers.
- The result of this increased earning potential is greater contributions to economic growth. In addition to improved human capital outcomes, affordable housing can reduce government expenditures on high-cost programs.

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Revitalization Plan - Strategy



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Revitalization Plan - Strategy



Mixed Use
<ul style="list-style-type: none">• Residential• Commercial• Social• Recreational

Missing Middle
<ul style="list-style-type: none">• Fourplexes• Town Houses• Low-Rise Apartments

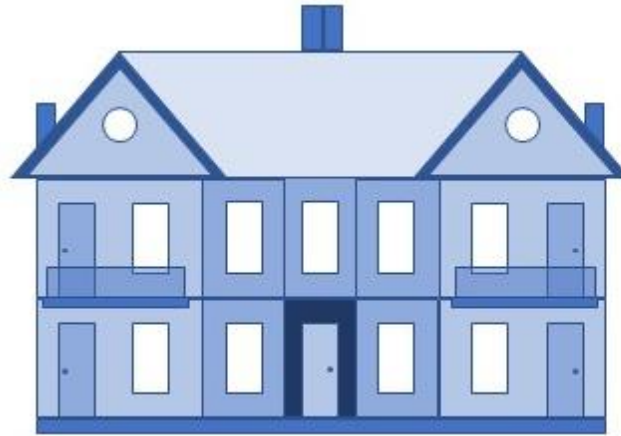
Mixed Income
<ul style="list-style-type: none">• RGI Units• Affordable Units• Market Rate Units

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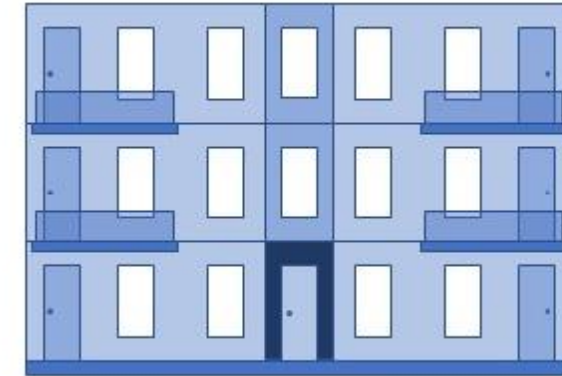
Revitalization Plan - Strategy



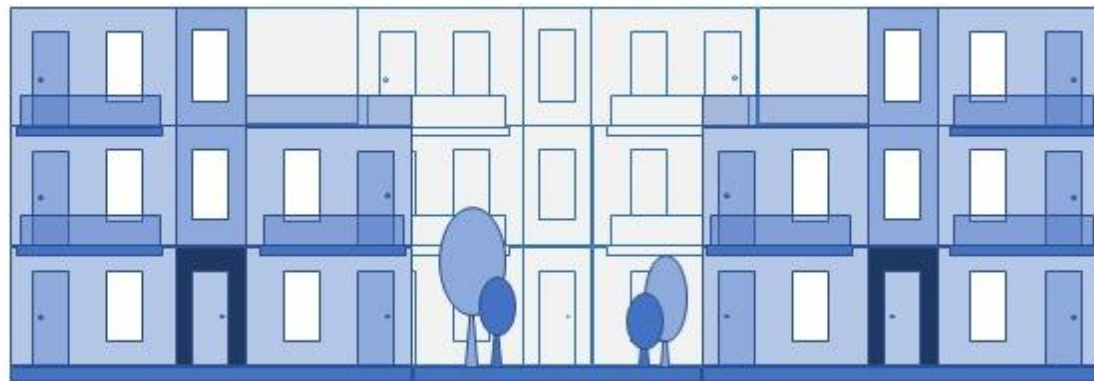
Duplex



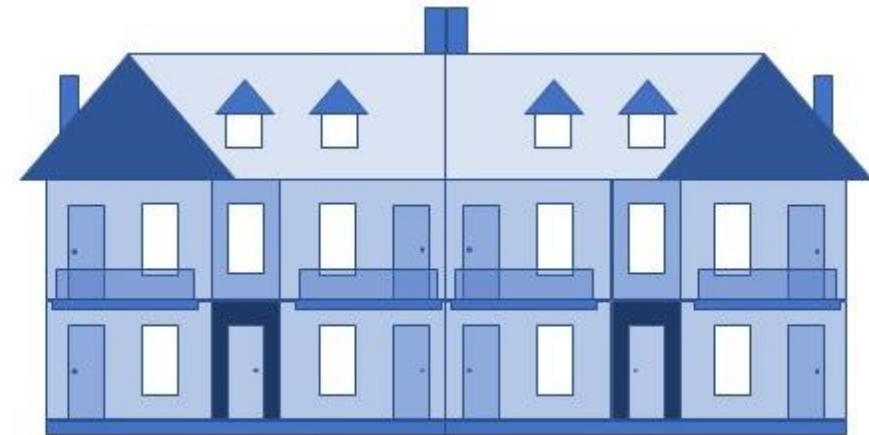
Fourplex



Low-Rise Apartments



Low-Rise Garden/Courtyard Apartments



Stacked Townhouses

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Revitalization Plan - Implementation

		Action	Priority	Units to be Built	
				2021-2026	2027-2031
	Cornwall			206	106
1	29 Gloucester Street South, Cornwall, ON, K6H 3V7, Canada	**Rebuild/Densify	2	58	
2	504 Fourth St. East, Cornwall	New Build	4	*13	
3	822 Marlborough St., Cornwall	New Build	3	54	
4	Ninth St. East & McConnell, Cornwall	New Build	1	81	
5	Sydney St., Adolphus St., Sixth St. East, Cornwall	New Build	4		106
	North Dundas			91	84
6	517 Albert Street, Winchester, ON, K0C 2K0, Canada	**Rebuild/Densify	3		84
7	510 Beach Street, Winchester, ON, K0C 2K0, Canada	**Rebuild/Densify	2	83	
8	Beach St., Winchester	New Build	1	*8	
	North Glengarry			17	0
9	61 William Street, Alexandria, ON, K0C 1A0, Canada	Expansion	1	17	
	North Stormont			23	0
10	10 Nelson Street, Finch, ON, K0C 1K0, Canada	Expansion	1	*23	
	South Dundas			68	0
11	12446 County Rd 2, Morrisburg, ON, K0C 1X0, Canada	Expansion	1	54	
12	4327 Hess Street, Williamsburg, ON, K0C 2H0, Canada	Expansion	1	*14	
	South Glengarry			41	31
13	Glen Walter Park Road, Glen Walter	New Build	2		31
14	South Beach St., Lancaster	New Build	1	*41	
	South Stormont			45	29
15	St. Lawrence St. & Thorold Ln, Ingleside - 1	New Build	1	45	
16	St. Lawrence St. & Thorold Ln, Ingleside - 2	New Build	2		29
				491	250

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Revitalization Plan – Development Cost

	2021-2026	2027-2031
Units Developed (No.)	102 Rowhouse/Townhouse Units; 389 Mid-rise Units	106 Mid-rise Units
Cost of Development (\$)	182,371,070	92,618,712

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Revitalization Plan – Funding (NHS)

	NHCF	RCFI
Financial viability	Mandatory	Mandatory
Affordability	At least 30% of units must have rents < 80% of the Median Market Rent	10% below potential gross income. A minimum of 20% of units must be below 30% of the median household income
Affordability	Maintain for a minimum of 20 years from the date of occupancy permit	Maintain for a minimum of 10 years from the date of occupancy permit
Interest Rate	100 bps (1.00%) spread over CMHC indicative 10-year fixed rate	Fixed and Hybrid options
DSCR	1.0	1.10
LTC	Up to 75%	Up to 90% to 100%
Term	10 years; Renewable for another 10-year term	10-year term (begins at first loan advance)
Amortization	50 years (1 st 10-year term) 40 years (2 nd 10-year term)	50 years (1 st 10-year term) No provision to renew
(Capital Expenditure) Reserve Requirements	4% of EGI	None required
Application fee	None	\$200 per unit for first 100 units, then \$100 per unit thereafter to a maximum of \$55,000 per loan
Prepayment	Not allowed during the term	Not allowed during the term

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Revitalization Plan – Delivery – Piecemeal Approach

Advantages	Disadvantages
<ul style="list-style-type: none">• Low upfront capital requirement as projects are delivered one (or few) at a time.• Limited human resources requirement overall• Comparatively lower project management and delivery expertise required overall	<ul style="list-style-type: none">• Piecemeal or independent procurement of planning and construction contracts result in high procurement costs.• Cannot take advantage of economies of scale possible through large scale procurement of products and services at a time.• High human resources requirement per project• Quality of finished products could be inconsistent as it will need to be procured through a variety of methodologies and delivered by equally disparate entities.
<ul style="list-style-type: none">• Allows for experimentation to find the most appropriate model taking into consideration the following factors:<ul style="list-style-type: none">○ Governance○ Operations framework○ Funding structure○ Public Private Partnerships○ Rent-to-own• Allows to respond to near term market better	<ul style="list-style-type: none">• Portability of tenants across the portfolio during the development phase could be challenging and it could require procurement of swing spaces to accommodate them, adding to the overall development cost.• Small scale of projects may not help to garner sufficient political support to positively influence government policies

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Revitalization Plan – Delivery – Portfolio Approach

Advantages	Disadvantages
<ul style="list-style-type: none">• Procurement of planning and construction contracts for multiple projects at a time can significantly reduce cost of procurement.• Can take advantage of economies of scale possible through large scale procurement of products and services.• Lower human resources requirement per project.	<ul style="list-style-type: none">• High upfront capital requirement as multiple projects will be procured and delivered at a time.• High human resources requirement overall.• High level of project management and delivery expertise required overall.
<ul style="list-style-type: none">• Portability of tenants across the portfolio during the development phase would be feasible without having to procure swing spaces to accommodate them, reducing the overall development cost.• Large scale of projects could help to build political support to positively influence government policies favourable to funding and operating affordable housing.	<ul style="list-style-type: none">• Not the ideal model for experimentation to find the most appropriate model.• Portfolio approach requires long term planning of projects upfront and it would be difficult to accurately plan for long term market cycle.• Risks associated with uncertainty of continuation of existing government policies and affordable housing funding mechanisms can make long term planning ineffective.

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Revitalization Plan – Risk Management

	Identified Risk	Risk Treatment
1.	Organizational constraints – The City (as Service Manager (SM)) may not have the required internal resources and expertise to develop the Portfolio approach. The procurement, contractual, financial, project management and planning, development and rezoning expertise may hamper the execution of the program of projects. Determining the right team can be very risky but is an important component to the success of the revitalization program.	Establish a separate legal entity responsible for the development and implementation of the Revitalization Plan; this is especially useful if City (as SM) is considering private sector participation. The City (as SM) could also recruit and engage a strong development team for this entity by utilizing and implementing an effective qualification process.
2.	Decision making - The revitalization program includes multiple overlapping projects and could result in cost overruns and delays resulting from lack of timely decision making.	As part of the new entity, engage a Portfolio/Program Manager to oversee and manage the implementation of the revitalization plan. Establish a governance framework for the City (as SM) and the entity to provide guidance for decision making, establish roles and responsibilities, project and program management and governance processes.
3.	Political change – Change in political landscape could impact priorities. There might be challenges if there is lack of long-term commitment by governments at all levels to ensure affordable housing for everyone.	The City (as SM) should continue engaging with all levels of government prepare business cases and funding requests that outline and secure long-term commitment by governments.
4.	Funding change - Program cuts and policy shift at various levels of government could impact the availability of funding and introduce a layer of uncertainty that might hinder the implementation of the revitalization program.	
5.	Development costs – Increase in construction costs like labour and materials, lengthy approval process for permitting, design adjustments to meet stakeholder interests, and other delays that expand construction timeline could add and increase the overall development cost.	Development costs could be managed to a certain extent through effective planning and management of the program and projects, and by selecting a delivery model that provides more cost certainty to the City (as SM).

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Revitalization Plan – Next Steps

MANAGEMENT: The revitalization initiative involves expansion or rebuild of over multiple properties executed over a ten-year period. The magnitude of this project and the timeframe requires a portfolio management approach rather than (piecemeal) project management. It is imperative that the feasibility of using an appropriate project delivery method such as: design-bid-build, design-build, construction management etc. also be explored and finalized before initiating the plan. It is also to be in alignment with the City's (as SM) internal project management and delivery expertise and capacity. This needs to be verified as a first step. If City's internal resources are deemed inadequate it will need to hire extra resources or a firm that has significant experience in portfolio management.

GOVERNANCE: The City (as SM) should consider developing a comprehensive governance framework for the implementation of the Revitalization Plan. The governance framework will help to clearly delineate roles and responsibilities for the various stakeholders and participants in the revitalization initiative. The governance framework should outline the City's decision making and project management processes, considering that the revitalization program warrants a portfolio management approach.

PREQUALIFICATION: In a portfolio approach concurrent projects are going to be delivered in tranches by teams comprising of several designers, engineers, and general contractors. It would be ideal to prequalify these professionals. Considering that these professional will be involved with revitalization initiative from the kick-off, prequalification of these professional should begin as an immediate priority, in parallel to the above item.

FUNDING: All existing funding channels should be explored further to understand suitability for the variety of projects involved. It needs to be confirmed as to what percentage of the funding program has been already committed and how much is remaining to be used. There should be a separate team created internally to solely investigate the funding channels, its terms, availability, and other characteristics, to move quickly through the application process and lock-in those funds for the City's benefit.

EXISTING PROJECTS: Take stock of existing projects in the pipeline – both in planning as well as construction stage. The ones in the planning stage should be closely aligned with the revitalization plan in order to achieve the speed and efficiency of the Portfolio approach that will be employed.

PLANNING FRAMEWORK: The City, United Counties of SDG, and constituent municipalities within should undertake a review of their respective plans, policies, and processes to identify opportunities to address the recommendations proposed in Section 5.2 of this report. In doing so, the Municipalities should seek to collaborate where possible; sharing information, ideas, and proposed solutions will help to foster a more holistic and coordinated approach to addressing affordable housing in the region.

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Thank You