



To: **Committee of the Whole**

Agenda Section: Human Services
Division: Social and Community Services
Department: Social Housing

Item Number: CCW - 2020-236

Meeting Date: August 11, 2020

Subject: County Orillia Campus Development – Further Information

Recommendation

That Item CCW 2020-236, dated August 11, 2020, regarding the County Orillia Campus development, located at the intersection of West Street North and Borland Street East, City of Orillia, be received; and

That the County Orillia Campus development project, estimated to cost \$79 million, as generally outlined within Item [CCW 2020-149, dated June 23, 2020](#), be approved to proceed; and

That staff proceed with the appropriate planning approvals, design, tendering, contract award, site preparation and construction of the County Orillia Campus development project, as generally outlined in Item CCW 2020-149; and

That the Ontario Priorities Housing Initiative (OPHI) allocation in the amount of approximately \$2.4 million, and the Social Housing Reserve in the amount of approximately \$7.944 million, be designated to the subject project; and

That the County Orillia Campus development project be prepared as 'shovel-ready' to be in an optimal position should additional Federal/Provincial funding be made available; and

That the Warden and Clerk execute all related, required applications, agreements and documents.

Executive Summary

Subsequent to Item CCW 2020-149, dated June 23, 2020, Item CCW 2020-236 provides further information on the proposed County Orillia Campus development, including additional costing details surrounding preliminary design, construction, and future operations. Item CCW 2020-236 additionally seeks approval to proceed to construction phase and site plan approval, allocating the

aforementioned Social Housing Reserve and Ontario Priorities Housing Initiative (OPHI) towards the project.

Subsequent to a community consultation regarding potential use of the former Orillia District Collegiate and Vocational Institute (ODCVI) property in Orillia, staff undertook the preliminary design and site plan process, in conjunction with preparing a costing for the County's Orillia Campus development. Item CCW 2020-236 provides additional information which includes a detailed business case (Schedule 1), outlining financial considerations associated with the project, from both a capital construction and long-term operating perspective.

Proceeding with this development would assist in achieving a significant portion of the affordable housing targets identified in the County's 10-Year Affordable Housing and Homelessness Prevention Strategy. The project would increase access to integrated community services, supporting improved client outcomes. The envisioned design emphasizes principles of operational sustainability, maximizing capital funding opportunities for the project, and environmental sustainability.

The projected operational pro forma for this campus estimates that the project will be financially sustainable over the long-term. This will be achieved through setting aside annual amounts for repairs over a 50-year period, and charging realistic rents for community agencies that are in keeping with the market economy. This development will add value to quality of life for tenants and local residents.

Following agency stakeholder Offers to Lease and other commercial space commitments, staff will report back to Council regarding leasehold improvements, at which time detailed costing and design requirements for each agency will be known.

Background/Analysis/Options

Further to Item CCW 2020-149 (June 23, 2020), Item CCW 2020-236 is intended to provide additional information about the financial considerations of the project, from both capital construction and long-term operating perspectives, including a detailed development business case (Schedule 1), and the business case presentation (Schedule 2).

With the County's acquisition of the former ODCVI property in Orillia, it was identified that the site would be ideal for affordable housing, a Social and Community Services satellite office, as well as potential County corporate offices and community agency space. In 2019, following acquisition of the property, a community visioning and consultation process was undertaken to identify the feasibility and needs for affordable housing and a regional community hub on site.

As identified in Item CCW 2020-020 (January 14, 2020), the community consultation process resulted in a vision for a vibrant, diverse and inclusive regional community hub, which would provide affordable housing options for seniors and other mixed income households, help to alleviate the barriers to accessing essential community and social services for residents, and create a sense of inclusion.

Following approval of Item CCW 2020-020 (January 14, 2020), preliminary site concept design was undertaken, which included consultation with the City of Orillia and technical consultants. The site concept plan reflects use of approximately 2.45 hectares (6.05 acres) of the 3.8 hectares (9.38 acre) site.

As per Item CCW 2020-149 (June 23, 2020), the preliminary design and costing are reflective of the community vision and consultation process and include demonstrated engagement from key community stakeholder organizations. In Item CCW 2020-149 (June 23, 2020), the preliminary design and costing of the County Orillia Campus development project was presented for approval, with a request to proceed with appropriate land use approvals and construction. With the intent to provide additional information, a County Orillia Campus development project business case is attached as Schedule 1, outlining a detailed assessment of the following five objectives:

- 1) Increase affordable housing availability;
- 2) Increase access to integrated community services with a multi-generational focus;
- 3) Strengthen operational sustainability;
- 4) Maximize capital funding opportunities for the project; and
- 5) Augment environmental sustainability.

In addition to increasing affordable housing availability, through the creation of 130 units (including three replacement Social Housing units and 127 new Affordable Housing units), integrated service delivery and partnership opportunities with community agencies will increase access to multi-generational community services. This in turn will support increased engagement, improved client outcomes, and tenant quality of life.

The inclusion of commercial space and the associated commercial leasing revenues will additionally help to offset Simcoe County Housing Corporation (SCHC) operating and capital costs.

The utilization of the OPHI allocation (approximately \$2.4 million) for this project will reduce municipal financial contributions. Further, there is potential that stimulus funding will be made available to encourage municipally-initiated infrastructure construction during, and following, the COVID-19 pandemic. An emphasis on 'shovel-ready' development projects is a typical eligibility criterion for successful application for stimulus funding programs. Being shovel-ready enables projects that will potentially have a direct impact on employment and the economic growth, to advance quickly.

Project Cost Analysis

The project's operational sustainability will be maintained through a combination of using quality building materials as well as undertaking preventative maintenance best practices. Future asset management requirements have been properly calculated and projected, and will include an annual transfer of revenue into capital reserves in order to fund all future capital replacements. This ensures that the future capital repair needs of the asset will be met, rather than necessitating impacts to the tax levy. This method creates operationally self-sustaining buildings, which are maintained in a good state of repair, and ensures the building will not require additional outside investment for at least the next 50 years.

As a result of economies of scale and operational efficiencies realized with the construction of 130 residential units, as well as commercial leasable space, a net benefit is projected to be \$802,432 in 2023, with the inclusion of the asset management provision amount of \$358,782. Based on conservative operating revenue, staff estimates that this project will generate a cumulative net benefit annually. This net benefit is the revenue remaining after expenses and the future asset management provision have been provided for, as shown in the following chart:

Orillia Affordable Housing and Campus Development						
Operating Pro Forma						
\$ '000						
	2023	2024	2025	2026	2027	50 Year Total 2023 - 2072
Operating Revenue						
Residential Rent	1,240	1,257	1,276	1,294	1,313	90,013
Commercial Rent	873	873	873	886	899	62,440
Total Revenue	2,113	2,130	2,149	2,180	2,212	152,453
Operating Expenses						
Administration (Salaries and Insurance)	216	219	223	226	229	15,932
Facilities (Maintenance and Utilities)	736	747	758	769	781	54,198
Future Capital Asset Management Provision	359	364	370	375	381	26,433
Total Expenses	1,311	1,330	1,350	1,370	1,391	96,563
Total Net Benefit	802	800	799	810	821	55,890

Total projected capital revenues/costs, with residential and commercial components summarizes the distinct capital costs required for the project, the capital revenue, and the balance of the unfunded portion, as detailed below:

Orillia Affordable Housing and Campus Development			
\$ '000			
	Total	Residential	Commercial
Capital Revenues			
Development Charges	21,640	21,640	0
City of Barrie	19,434	13,774	5,660
City of Orillia	3,990	2,828	1,162
Provincial Funding	2,392	2,392	0
Proceeds of Disposition	675	675	0
Social Housing Reserve	7,944	5,720	2,224
Total Capital Revenues	56,075	47,029	9,046
Capital Cost Allocation			
City of Barrie	20,215	14,555	5,660
City of Orillia	4,150	2,988	1,162
County of Simcoe	55,076	39,656	15,421
Total Capital Costs	79,441	57,198	22,242
Net Capital	23,365	10,169	13,196

Current Activities and Next Steps

As next steps in working with the community agency stakeholders, staff will develop preliminary Offers to Lease for key agencies interested in leasing space at this location (Simcoe Muskoka Family Connexions, VON, and an EarlyON Child and Family Centre), including a plan for recovering costs for leasehold improvements to their respective office space. Staff will undertake an expression of interest process relative to operation of the licensed child care centre.

Following extension of Offers to Lease and other commercial space commitments, staff will report back to Council regarding leasehold improvements, at which time detailed costing and design requirements for each agency will be known.

Financial and Resource Implications

It is recommended that the OPHI allocation in the amount of approximately \$2.4 million be allocated to this development, along with \$7.944 million to be designated from the Social Housing Reserve.

By using currently-known Federal/Provincial affordable housing development funds for this project under the OPHI, the contributions from the City of Barrie and the City of Orillia, as well as the net capital amount, will be reduced. Should additional Federal/Provincial funding be made available that can be applied directly to this SCHC rental development, the project is being readied so that applicable funding can be easily allocated.

Further to Item CCW 17-253 (October 10, 2017), there is also the option of leveraging some Social Housing scattered properties that are currently owned by SCHC, and consolidating those replacement units on the new location, along with the affordable housing units. The potential for sale of three Orillia scattered social housing units would assist in consolidating SCHC operations as well as reducing long-term operating and maintenance costs of the scattered units. The intent would be to blend the replacement social housing units into the overall development, for a seamless and mixed-income approach at this location. A further report will be brought to the Simcoe County Housing Corporation Board (HCB) regarding the sale of the Orillia scattered units.

The Orillia development can be staffed during pre-construction and construction phases with current resources. As the Wasaga Beach development is currently in final stages of completion, staff will be allocated towards the Orillia Campus development resulting in no additional increase in staffing resources requirements.

Total projected capital revenues/costs with hard, soft, and site costs components summarizes the distinct annual contribution during the duration of the construction project, the capital revenue, and the balance of the unfunded net capital portion, as detailed below:

	Estimated 2020 (\$000's)	Estimated 2021 (\$000's)	Estimated 2022 (\$000's)	Estimated Total (\$000's)
Orillia Development				
Project Revenue				
Development Charges	325	8,573	12,742	21,640
City of Barrie	254	7,223	11,957	19,434
City of Orillia	52	1,483	2,455	3,990
Provincial Funding	0	2,392	0	2,392
Proceeds of Disposition	0	0	675	675
Social Housing Reserve	100	3,078	4,766	7,944
Total Project Revenue	732	22,748	32,596	56,075
Project Cost				
Hard Costs (Construction)	0	23,510	35,266	58,776
Site Costs	0	2,879	4,318	7,197
Soft Costs	1,000	4,253	7,944	13,198
Construction Project Supervisor	0	134	136	270
Total Project Cost	1,000	30,776	47,664	79,441
Net Capital	268	8,028	15,069	23,365

Relationship to Corporate Strategic Plan

Growth Related Service Delivery: create and strengthen partnerships with key stakeholders to support communities through the delivery of sustainable services.

Specifically, the Social and Community Services strategic initiatives:

- Develop social housing infrastructure and investment that is responsive to current and growth related needs across the housing continuum
- Develop and implement a Long Term Affordable Housing Strategy

Strengthen Social, Health, and Educational Opportunities: Establish partnerships to identify opportunities for strengthened human services and education to support improved health and well-being of our residents

Strategic Priority #1:

- Develop a strategy to use current housing stock and future funding opportunities to create a more sustainable housing system

Economic & Destination Development: Create and strengthen partnerships with key stakeholders to develop economic opportunities in response to the changing demographics.

Environmental Sustainability: To preserve, conserve, and safeguard our environment and natural resources, while recognizing opportunity, innovation, and the needs of our community.

Item CCW 2020-236 is consistent with *Our Community 10-Year Affordable Housing and Homelessness Prevention Strategy*.

Reference Documents

- [CCW 2020-149](#) (June 23, 2020) – County Orillia Campus Project – Preliminary Design and Costing

- CCW 2020-020 (January 14, 2020) – County of Simcoe Hub (Orillia) – Community Consultation Update and Next Steps
- CCW 17-253 (October 10, 2017) – Simcoe County Housing Corporation Development and Operational Plan

Attachments

Schedule 1 – Business Case

Schedule 2 – Business Case Presentation

Prepared By Brad Spiewak, P. Eng. Maintenance & Facilities Manager
Rachelle Hamelin, RPP, Program Supervisor

Approvals

	Date
Arfona Zwiers, Director, Social Housing	July 17, 2020
Greg Bishop, General Manager, Social and Community Services	July 24, 2020
Trevor Wilcox, General Manager, Corporate Performance	August 3, 2020
Mark Aitken, Chief Administrative Officer	August 5, 2020