



**Senior Housing Task Force Meeting
Tuesday, April 19, 2016 – 11:00 a.m.
Township of South Frontenac, Council Chamber,
4432 George Street, Sydenham, ON**

AGENDA

Page

- 1. Call to order**
- 2. Adoption of the agenda**
- 3. Disclosure of pecuniary interest and general nature thereof**
- 4. Adoption of minutes**

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- a) **Minutes of Meeting held March 22, 2016**

That the Minutes of the Seniors Housing Task Force Meeting held March 22, 2016 be adopted.

- 5. Deputations and/or presentations**

- 6. Business**

- a) **Sheldon Laidman**, Director, Housing and Social Services and **Lee Campbell**, Manager of Housing and Childcare Programs, City of Kingston, will speak to the Seniors Housing Task Force regarding the City of Kingston's role regarding Housing, including any available provincial funding for seniors housing.

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- b) **2016-053
Seniors Housing Task Force (South Frontenac)
Options for a Seniors Housing Project**

Resolved That the Senior's Housing Task Force (South Frontenac) – Options for a Seniors Housing Project be received for information;

And Further That SHS Consulting be invited to a meeting of the Seniors Housing Task Force (South Frontenac) to develop a Business Plan for a South Frontenac Senior's Housing Project.

- 7. Communications**
- 8. Other business**
- 9. Next meeting date**
- 10. Adjournment**



**Minutes of the Seniors Housing Task Force – South Frontenac Meeting
March 22, 2016**

A meeting of the Seniors Housing Task Force – South Frontenac was held in the Township of South Frontenac Council Chamber, 4432 George St, Sydenham, on Tuesday, March 22, 2016 and called to order at 10:00 AM

Present: Deputy Warden Ron Vandewal, Chair,
Councillor John McDougall, Vice Chair,
Councillor Tom Dewey
Pat Barr, Township Councillor

Staff: Jannette Amini, County of Frontenac
Wayne Orr, Township of South Frontenac

Regrets: Joe Gallivan, County of Frontenac

Guests: Ross Sutherland, Alan Revill

Adoption of the agenda

Moved By: Ms. Barr
Seconded By: Councillor Dewey

That the agenda for the March 22, 2016 Seniors Housing Task Force be adopted.

CARRIED

Disclosure of pecuniary interest and general nature thereof

There were none.

Adoption of minutes

Minutes of Meeting held February 16, 2016

Moved By: Councillor McDougall
Seconded By: Ms. Barr

That the minutes of the Seniors Housing Task Force meeting held February 16, 2016 be adopted.

CARRIED

Deputations and/or presentations

- a) Mr. Joe Gallivan was unable to attend this meeting. Ms. Amini provided a PowerPoint presentation to the Task Force of the Wolfe Island project findings and looked to the group for direction on how it wished to proceed.

The Task Force discussed potential governance models for the project. It was noted that Sharbot Lake has two (2) not-for-profit organizations that could be considered, along with the Southern Frontenac Community Services as well as the Kingston Frontenac Housing Corporation. The Task Force also considered the idea that this be a for profit project; however noted that if this were for profit, it would be difficult if not impossible to secure funding. It was stressed that control of the project should stay within the control of the Frontenacs.

The Committee discussed the three (3) housing models noted in the presentation and decided that any project would be geared towards Independent Living. With respect to locations, it was noted that people want to live in a hamlet. Verona has an interest in being considered as a located for a seniors housing project; however Sydenham is on municipal water.

Next Steps

The Task force discussed and decided on two (2) potential options, those being:

- 1. Construct a new unit for seniors housing;
- 2. Look at ways to keep seniors in their own homes

The Task Force discussed the option of funding to allow seniors to retrofit their homes in order to be able to stay in their homes. It was noted that there are many programs out there that assist people to help them stay in their homes and that citizens need to be educated regarding the existence of these programs.

Mr. Orr suggested that staff create a decision tree with respect to the above two (2) options to help the Task Force decide on the direction it would like to take. With respect to available funding, any provincial funding would flow through the City of Kingston as the Municipal Service Manager. Ms. Amini was requested to invite Mr. Sheldon Laidman, Director, Housing and Social Services, City of Kingston, to the next meeting to discuss with the Task Force:

- 1. Available Provincial Funding
- 2. Options for Seniors Independent Living

3. What control would the Frontenacs lose should they utilize provincial funding that would flow through the City of Kingston.

6. Reports

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**7. Communications**

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8. Other business

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**9. Next meeting date**

The next meeting will be at the call of the Chair in April, pending confirmation from Mr. Sheldon Laidman, City of Kingston regarding his availability to attend.

**10. Adjournment**

Moved By: Councillor McDougall

Seconded By: Councillor Dewey

**That** the meeting hereby adjourn at 11:22 a.m.

**CARRIED**



**And Further That** funding for the business plan be taken from monies allocated by County Council for Senior's projects based upon the formula noted in the report;

**And Finally That** the successful Consultant report back to County Council on the project by October 15, 2014.

**CARRIED**

An RFP was issued that would require the Business Plan to allow for implementation by each Township to allow for a consistent vision which would assist developers. SHS Consulting was retained to develop the Business Plan, which was presented to and accepted by the Frontenac Islands SHTF

Following task force endorsement, the Business Plan was forwarded to the Council of Frontenac Islands to confirm its commitment to the project concept, governance and specific Township involvement. The Business Plan was written with the expectation that the Plan template could be applied to each of the other three townships, subject to modifications based on the desires of each Township at a projected cost of \$5 000 per Township. A copy of the Business Plan for Seniors Housing – Marysville Project is attached to this report as Appendix A.

**Comment**

As noted in the resolution by County Council, Council has endorsed costing for a second and subsequent iterations of the Business Plan for Seniors Housing. In order for the Plan to be customized for a South Frontenac project, the Seniors Housing Task Force – South Frontenac will need to determine the type of seniors housing that best suites the Townships needs. Other factors to be considered includes:

- affordable housing grants that may be available;
- possible partnerships that may be of assistance;
- planning processes to be put in place;
- have the project shovel ready in case funding becomes available;
- develop a new Not for Profit Community Organization
- the more money received from outside sources equals less control for the municipality

At the Task Forces' initial meeting of February 16, 2016, a number of questions were raised with respect to financial considerations for a potential project, specifically if there are restrictions on the use of the \$350,000 available from the County, and what the financial contribution requirement of the township is. At its regular meeting held June 14, 2016, County Council considered a report with respect to all of the County's reserve funds and passed the following resolution:

**b) 2014-081  
Corporate Services  
Reserve and Reserve Funds**

Motion #: 146-14 Moved By: Deputy Warden Doyle  
Seconded By: Councillor Jones

**RESOLVED THAT** Council adopt the following reallocations of the reserves as follows:

1. Strategic Planning goals –\$2.1M as follows:
  - \$100,000 allocated to Waste Management Planning,
  - \$1.5M allocated to Seniors Projects
  - \$500,000 allocated to Economic Development
2. Capital Asset Management requirements - \$200,000
3. Capital Commitments under cost sharing agreements –\$340,000
4. Frontenac Renovates allocations - \$380,000
5. Land Acquisition Trails –\$30,000
6. Future CIPs – \$154,000
7. Cheerio Project – \$100,000

**CARRIED**

As noted in the above resolution, \$1.5M has been allocated to Seniors Projects. As noted in resolution 149-14, the cost of the Business Plan for the Frontenac Islands Senior's Housing Business Plan, (to a maximum upset of \$25,000) plus costing for second and subsequent iterations have been expensed from the allocation. To date, County Council has not had discussions or passed resolutions regarding the use of the remaining allocation. Any costs to the township will depend on the project that it chooses and the results of the business plan.

At its meeting held on March 22<sup>nd</sup>, the Task Force discussed and decided on two (2) potential options, those being:

1. Construct a new unit for seniors housing;
2. Look at ways to keep seniors in their own homes

Staff are recommending that SHS Consultants be invited to the next meeting to work with the Task Force in determining the type of project it would like to see, including its viability.

**Sustainability Implications**

As noted in *Directions for our Future, Housing Vision Statement*, the County of Frontenac has a diversity of housing types, tenures, and price ranges to meet the needs of permanent residents at different income levels. Seniors, youth, rural poor and others have options to stay in their communities if they choose, perhaps living in their homes with support services, or in long-term care or transition/assisted living facilities.

**Financial Implications**

There are no financial implications associated with this report.

**Organizations, Departments and Individuals Consulted and/or Affected**

Kelly Pender, Chief Administrative Officer



# **BUSINESS PLAN FOR SENIORS HOUSING MARYSVILLE PROJECT**

MARCH 2015





## EXECUTIVE SUMMARY

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In the last several years, seniors housing in Frontenac County has become a more prominent issue due primarily to the aging of the local population. In the *“Seniors Community Housing Pilot Project Study”*, completed for the County in 2012, this housing need was examined within the context of the broader housing market. The study also reviewed a range of potential housing options and evaluated these against opportunity nodes throughout the County, identifying a range of potential pilot project options. 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 that respond to identified needs.

With the establishment of a seniors task force in 2014, County Council confirmed its intent to consider pilot options in each of the four Townships within Frontenac. While housing needs and potential options to address them vary geographically within Frontenac, the task force determined that initial testing for a project in the Township of Frontenac Islands would be pursued by undertaking a business plan for a project in the Marysville community of Wolfe Island. The interest from the Frontenac Islands community in a seniors project and the background work already undertaken by residents were key factors in this decision.

The successful development of a housing project requires a rigorous process and involves multiple steps to move from initial concept through to construction and operation. 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. To develop this business plan, a stepwise process was used, examining local needs, exploring development options, identifying technical issues and undertaking financial analysis. Community and stakeholders consultations were also conducted as part of this work under the guidance of the task force.

Based on demonstrated needs, community consultation and business case analysis, the concept for a small scale seniors housing project situated in Marysville has been developed. The proposed concept for the seniors housing project is:

- A five unit rental building with self-contained apartment units (4 one bedroom units and 1 two bedroom unit) where rents are set at average market rates
- The provision of basic amenity space in the form of laundry facilities and a small indoor common area for gathering/socialization
- A one storey slab-on-grade configuration to accommodate seniors mobility needs, including one unit that would be fully modified for wheelchair accessibility
- Located in walking proximity to amenities and services in Marysville, incorporating sustainability features that promote energy efficiency

As an integral part of the analysis, assumptions about project development have also been established, proposing that the project be:

- Built using new construction rather than renovation of an existing building



COUNTY OF FRONTENAC  
BUSINESS PLAN FOR SENIORS HOUSING (MARYSVILLE)



- Able to expand in additional 'modules' of five units as demand warrants
- Procured through a formal design/tender process (stipulated price contract)
- Financed using a conventional mortgage that is CMHC-insured
- Owned and managed by a newly constituted non-profit housing corporation

As part of the business plan process, the project concept was financially tested and found to be viable, subject to a number of assumptions outlined in the report. Based on an assessment of preliminary cost estimates, anticipated revenues and assumed contributions, the project would involve:

- Estimated capital costs of roughly \$1.4M which would be addressed via conventional financing (50%) as well as project contributions in form of grants, fee waivers, land, etc. (50%)
- Projected initial operating costs of roughly \$50,000 annually which would be addressed via project rents and laundry revenues, generating a modest operating surplus

Apart from the financial assessment, the business plan analysis concluded that:

- There is sufficient demand for this small scale project but opportunities should be preserved to enable additional modules of five units where future demand warrants
- Potential sites are available that could accommodate development of the project and allow for future expansion
- Extending public road access to these sites would be a prerequisite for project development
- A series of land use approvals are required to permit the intended use but there do not appear to be any significant barriers to securing these approvals
- Due diligence testing would be required prior to acquiring a project site but no impediments are anticipated based on an initial scan of current conditions and background information
- Creation of a new non-profit corporation to own and manage the project appears to be the most plausible option for project governance

As a result of the business case analysis, the proposed project concept is deemed to be viable subject to the assumptions and conditions outlined in the report. To advance the project forward from the business plan stage, a number of steps are required. Initially, this would involve confirming the parameters for moving forward from the initial feasibility testing, including decisions with regard to project governance/oversight and confirming initial funding commitments. With these decisions made and with sufficient resources in hand, the project could move to the pre-development stage where initial design, testing and investigations would be undertaken. Upon completion of this pre-development work and where financial testing continues to demonstrate viability, the project could then move to the construction phase provided that sufficient financial resources are secured to advance the project.





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## 1.0 INTRODUCTION

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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. While housing needs and associated options vary geographically within Frontenac, it was determined that initial testing for a project in the Township of Frontenac Islands would be pursued by undertaking a business plan for a project in the Marysville area of Wolfe Island.

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 sponsor'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 Marysville Community in accordance with the RFP specifications
2. Engage the Wolfe Island Community, stakeholders groups and the City of Kingston (as the County's Housing Service Manager) in a discussion regarding local needs
3. Develop a business model for the Marysville Community that can be replicated in other communities within Frontenac County

### 1.1 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.

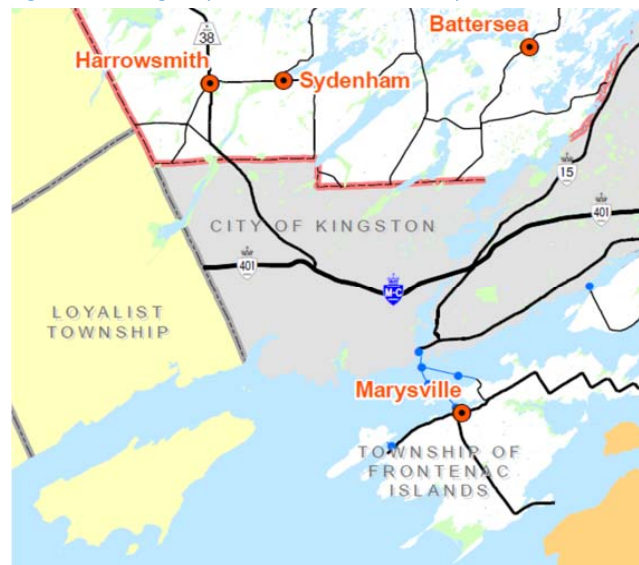
As a result of the study, it was recommended that a task force be created to pursue the establishment of a pilot seniors housing project. The County subsequently struck a Senior’s Housing Task Force to establish a scope for pursuing a pilot project. The Frontenac Senior’s Housing Task Force met in May 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.

**1.2 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 housing project in the Marysville community on Wolfe Island would be an assisted/supportive housing project providing rental accommodation, either through new construction or redevelopment.

With the establishment of a seniors task force in 2014 and the allocation of funds later that year, there was a clear intent to consider pilot options in each of the four Townships with the County. However, the Task Force determined that the initial focus of the investigations would be Marysville. This was due in part to the extensive investigations undertaken and interest in the local community in pursuing a seniors project in the Frontenac Islands. As such, the focus of this business plan is on testing the feasibility of establishing a seniors project in the Marysville community on Wolfe Island. It is the expectation of the County that results from this investigation will assist in facilitating business plans for other small-scale pilot projects in the remaining three Townships that make up the County.

Figure 1 - Situating Marysville within Frontenac County





It should also be noted that a recently constructed seniors affordable housing development has been of considerable influence in shaping the parameters for this business case. The development of this five unit project, located just outside of Sharbot Lake, was undertaken by North Frontenac Non-Profit Housing Corporation utilizing AHP funding. Given the rural location of the site, private water and septic servicing was required for the project. Legislative requirements under the *Safe Drinking Water Act* make it challenging from an operational cost perspective to accommodate small-scale projects of more than five units due to the well testing obligations that occur above this threshold. This was a specific design constraint for the project.

As a result, a going-in assumption of this review is that a project scale of more than five units on private well systems would be prohibitive unless a project was developed in modules of five (i.e. 5, 10, 15, 20 units) where each five-unit module is served by an individual well. While this scalable approach may be achievable technically, overall demand would also need to be evaluated to ensure that a project could sustain itself over time when built in a larger configuration. Other cost and funding factors must also be weighed in this evaluation in order to determine project feasibility.

### 1.3 This report

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



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

- An overview of need at both the regional and community level
- 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 suitability for moving the concept forward and provides recommendations in that regard. In accordance with the terms of reference, the business plan also reflects on opportunities for replicating plan results in other locales within the County, recognizing that housing demands, development conditions and project opportunities may vary from area to area.



COUNTY OF FRONTENAC  
BUSINESS PLAN FOR SENIORS HOUSING (MARYSVILLE)



## 2.0 PROJECT NEED

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This section of the report provides a summary analysis of housing needs in the Township of Frontenac Islands 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.

### 2.1 Local housing needs and market indicators

The housing need and market analysis contained in this report includes:

- **Demographic Profile** – Provides an overview of population and household trends, population projections, and income characteristics. These demographic trends are important determinants of housing demand.
- **Housing Profile** – Provides an overview of dwelling characteristics and an analysis of household affordability with particular emphasis on seniors.

This section provides highlights for Frontenac Islands which are summarized from a more detailed profile of County and seniors needs that can be found in Appendix A. This supplementary information provides additional context as it relates to the other townships in Frontenac and the overall County. It also contains more detailed information on broader seniors trends across the Frontenacs.

#### 2.1.1 Demographic Profile

##### Frontenac Islands

Frontenac Islands is the most southern of the Townships and is physically separated from the northern part of the County by the City of Kingston. Comprised of the two main islands - Wolfe Island and Howe Island – the Township is entirely located in the St. Lawrence River and is accessible only by ferry from Kingston. Not surprisingly, the Township has the smallest land area among the Townships but does have a population comparable in size to North Frontenac. The primary settlement area is the village of Marysville located on Wolfe Island.

##### Population Trends

In 2011, the Township of Frontenac Islands had a permanent population of 1,864 which comprised 7.1% of the County of Frontenac's total population. Frontenac Islands' population has grown 12.2% since 1996, when it stood at 1,661.





**Table 1. Population Counts, Frontenac County and the Township of Frontenac Islands, 1996-2036**

| Geography         | 1996   | 2011   | % Change 1996-2011 | 2036   | % Change 2011-2036 |
|-------------------|--------|--------|--------------------|--------|--------------------|
| Frontenac County  | 23,760 | 26,375 | 11.0%              | 32,400 | 22.8%              |
| Frontenac Islands | 1,661  | 1,864  | 12.2%              | 2,435  | 30.6%              |

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

Based on projections by Watson and Associates undertaken in 2014, the Township’s population is expected to continue to grow, and by 2036 it is estimated the population will reach 2,425 persons, a 30.6% increase from 2011. Frontenac Island’s proportion of the County’s total population is expected to rise slightly to 7.5% by 2036.

**Population by Age**

Census data by age range shows that the Township of Frontenac Islands has a very high proportion of seniors – more than a fifth of the Township’s population is 65 years or older. This is up from 16.8% in 2001, or 275 seniors. The County as a whole also has a high proportion of seniors at 17.3%, but this is still lower than Frontenac Islands’ proportion.

The number and proportion of seniors in the Township will likely only continue to grow as there were 385 persons aged 55 to 64 years in the Township in 2011, which comprised 20.6% of the population. This large number of soon-to-be seniors suggests that the senior population will continue to increase.

**Table 2. Seniors Population, Frontenac County and the Township of Frontenac Islands, 2011**

| Seniors (65+) as share of population | Total Seniors Pop | Total Pop | Seniors as % of Total |
|--------------------------------------|-------------------|-----------|-----------------------|
| Frontenac Islands                    | 395               | 1,864     | 21.2%                 |
| Frontenac County                     | 4,570             | 26,375    | 17.3%                 |

Source: Statistics Canada 2011 Census Profiles

Persons aged under 25 years in Frontenac Islands also comprised a significant 23.1% of the Township’s population in 2011, which confirms that nearly half of the Township’s population is either a youth under the age of 25 years or a senior 65 years or older.

**Households**

Frontenac Islands had 850 households as of 2011, up 37.1% from 1996 when there were 620 households. Similar to their proportion of the County’s total population, Frontenac Islands was home to 7.8% of the County’s total households in 2011. This proportion is expected to remain the same in 2036, although the number of households is expected to increase an estimated 26.5% to reach 1,075 households.

The rate of household growth is notably higher than the population growth rate during the same time period due to shrinking household sizes and diversity in housing types.

Data for 2011 showed that of the 315 persons in the Township who were 65 or older, most are living in family households (80%). For the balance (80 individuals), the majority are living alone (65).





**Tenure**

Unlike the County, the proportion of owners in Frontenac Island has decline from 89.9% in 2001 to 83.3% in 2011. While the number of owners rose by 22.6% during this time period, the number of renters increased 85.7% as well, indicating that while ownership is very prominent in the Township, the number of renters is also growing. Given the lack of purpose built rental stock, this suggests that renters are seeking accommodation in the informal rental market (secondary apartments, houses, etc. not specifically built for rental purposes).

It is also worth noting the County-wide trend which shows a sustained level of ownership tenure among seniors, especially those 75 and older. This indicates that seniors are staying in their homes longer due in part to the lack of alternate options. A minor factor in these sustained rates would also be the in-migration of seniors who choose to convert seasonal dwellings for permanent residence.

**Income**

In 2010, the median individual income for the Township was \$36,564 and the average income was \$45,499. In terms of household income, the 2010 median household income was \$82,045, compared to a median household income of \$58,974 in 2000 (a 41.9% increase). Incomes for the Township are generally higher than County averages and this is reflected in the fact that no households earned less than \$20,000 annually in 2010 and a third (33.1%) earned \$100,000 or more annually.

*2.1.2 Housing Profile*

**Dwellings**

Similar to the overall County, the majority of dwellings in Frontenac Islands (96.8% or 760 dwellings) are single-detached dwellings. The remaining 3.2% (25 dwellings) are comprised of low-rise apartment building units (1.3%), detached duplex apartment units (1.3%), and semi-detached dwellings (0.6%). These proportions have changed little since 2001 when there were 660 single-detached dwellings comprising 95.5% of the dwelling stock.

In terms of seasonal dwellings, 37.8% of Frontenac Islands' dwellings (or 475 dwellings) were seasonal in 2011, down from 44.7% in 2001 (533 dwellings). The number of seasonal dwellings in the Township is expected to increase slightly in actual terms to 505 dwellings by 2036, but the share of seasonals as a percentage of housing stock will actually drop to 32.0%.

Based on 2011 figures, 26.9% of all dwellings in the Township were built in 1960 or earlier. Another 25.6% were built between 1961 and 1980 and 16.7% were new, having been built between 2006 and 2011. Despite the fact that more than half of all stock was built prior to 1980, housing stock in the Township is in relatively good condition with just 7.0% of the dwellings in need of major repair.





Table 3. Dwellings by Type, Frontenac County and the Township of Frontenac Islands, 2011

|                                                      | Frontenac County |               | Frontenac Islands |               |
|------------------------------------------------------|------------------|---------------|-------------------|---------------|
|                                                      | #                | %             | #                 | %             |
| Single-detached house                                | 9,895            | 95.3%         | 760               | 96.8%         |
| Semi-detached house                                  | 80               | 0.8%          | 5                 | 0.6%          |
| Row house                                            | 30               | 0.3%          | 0                 | 0.0%          |
| Apartment, detached duplex                           | 90               | 0.9%          | 10                | 1.3%          |
| Apartment, building that has five or more storeys    | 0                | 0.0%          | 0                 | 0.0%          |
| Apartment, building that has fewer than five storeys | 185              | 1.8%          | 10                | 1.3%          |
| Other single-attached house                          | 10               | 0.1%          | 0                 | 0.0%          |
| Movable dwelling                                     | 95               | 0.9%          | 0                 | 0.0%          |
| <b>TOTAL</b>                                         | <b>10,385</b>    | <b>100.0%</b> | <b>785</b>        | <b>100.0%</b> |

Source: Statistics Canada, Census Profile, 2011

**Residential Development Potential**

Due to the proximity of the Islands to the City of Kingston, it is expected that the Township will continue to attract a balance of working families and empty nesters or young seniors. Over the period from 2011 to 2036, Frontenac Islands are forecast to grow by an average of 14 new housing units each year, all of which are expected to be low-density dwellings. Approximately 90% of these new homes are expected to be developed in the area outside of designated settlement areas<sup>1</sup>.

In addition, it is expected that 80% of the new housing units will be located on Wolfe Island while Howe Island will see 20% of the new housing units. It should be noted that the future population growth potential in the Township is limited in part by the capacity of the Wolfe Island and Howe Island ferries<sup>2</sup>.

In terms of vacant land, the Frontenac Islands has the smallest proportion of vacant land designated as settlement area when compared to the rest of the County (0.5% of the County total). Given the relative size of the Township and level of development activity, this is not surprising.

**Ownership Housing**

In 2011, 83.3% of dwellings in Frontenac Islands were owned (650), down from 590 dwellings in 2001. This indicates that while ownership housing is the most dominant form of tenure, the preference for ownership housing within the Township may be diversifying slightly.

Price is also an important consideration in the ownership market. According to Statistics Canada Census data for 2011 the Township’s average dwelling value for 2010 was \$454,789, which is an increase of 142.6% since 2000, when the average dwelling value was \$187,500. Average dwelling values in the Township are much higher than for the County overall, and have increased at higher rates over the last decade.

<sup>1</sup> Watson & Associates (2011). Population, Housing and Employment Projections for the Frontenacs.

<sup>2</sup> Watson & Associates (2011). Population, Housing and Employment Projections for the Frontenacs.





Mortgage status can also provide important information on a housing market. In 2011, 50.0% of the Township's owner households (285), had a mortgage while the remainder did not, indicating that a large proportion of owners in the Township have considerable equity invested in their homes.

### Rental Housing

In contrast, just 16.7% of dwellings in the Frontenac Islands (130), were rented in 2011. However, the number of rental dwellings has grown in recent years, as there were 70 rental dwellings in the Township in 2001. This suggests that while there is still a very limited supply of purpose-built rental housing within Frontenac Islands, the supply of informal rental housing has been growing (e.g. secondary apartment, rented homes, etc.) due to pent up demand.

Average rents are an important consideration in the rental market. According to Statistics Canada Census data for 2011 the Township's average monthly shelter cost for rented dwellings in 2010 was \$1,051, which is an increase of 42.6% since 2000, when the average monthly shelter cost for rented dwellings was \$737. Like the average dwellings values, average rents in Frontenac Islands are much higher than the County overall, suggesting supply is limited and there is a strong demand for rental housing in the Township, especially at affordable levels.

### 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, 10.4% of owners, or 59 households, in Frontenac Islands were spending more than 30% of their income on housing costs and 46.2% of renters, or 60 households, were spending more than 30% of their income on housing costs. These figures are generally comparable with County figure, and this data indicates that renters in the Township are far more likely to struggle with housing costs than owners.

## 2.1.3 Summary of analysis

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

- More than 20% of the of the Townships' population are seniors (315 individuals in 2011) and this population in expected to grow at a rate faster than the County average
- Household growth will continue to outpace population growth as average household size declines
- While the majority of seniors tend to live in family households, 20% do not and most of these individuals live alone
- The majority of dwellings (over 83%) are ownership tenure and trends continue to show seniors owners are staying in their homes longer, especially those over 75 years of age, due in part to the lack of suitable local housing alternatives.
- The number of rental households has been increasing due to demand but the number of purpose-built rental units has not, signaling a higher reliance on informal rental market options (e.g. accessory apartments, rented homes, etc.)



- 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)

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, more appropriate housing opportunities will be required to meet their needs and enable them to remain in the community.

## 2.2 Community-based Indicators

To augment this analysis and gather local community perspectives on housing needs, a community consultation session was held on October 9<sup>th</sup>, 2014 at the Town Hall in Marysville. At this session, an overview of housing needs in Frontenac was presented as well as background on the study process. A recap of prior investigations on seniors retirement housing and study work to date was also provided to attendees.

Past discussions and investigations have been undertaken by Wolfe Island community members on the issue of seniors housing. This involved focus groups meetings as well as a mail-out survey which was conducted in 2009. These activities showed that there was an interest in seniors housing in Marysville, especially in terms of future needs. Common themes from these prior investigations indicated:

- A preference for rental options that are affordable for seniors
- The strong desire for self-contained units which promote independent living
- A wide range of perspectives on preferred amenities, from modest to more elaborate
- The need to address socialization, accessibility and proximity to services
- Recognition of challenges that exist with current housing stock and servicing constraints

Discussion questions were then posed to those in attendance to gauge current perspectives regarding a seniors project in Marysville. Attendees were specifically asked:

- What form/scale should the project take?
- Should it be only for seniors and only for Islanders?
- Is rental the preferred form of tenure?
- What unit size and level of affordability is desirable?
- What amenities should be provided within the project? What should be accessible nearby?
- Should any services/supports be provided within the project or just be available nearby?
- Who should own/operate the project?
- What government support should be provided to enable development of such a project (Township, County, etc.)?
- *Are you or a family member interested in living in a project like this? If so, when?*

Based on responses from attendees, the following general conclusions were drawn, many of which were consistent with earlier investigations by community members:

- A project should be of modest scale, single storey and geared towards seniors (65+) – consider ability to add on if demand dictates





- Units should be self-contained and geared to those able to live independently (i.e. not a care home)
- They should also be suitable to changing needs over time (i.e. enable aging in place through visitability and /adaptability)
- Units should be geared to aspiring renters – modest, affordable rents but not necessarily rent-geared-to-income
- Sheltered common space, modest in scale – main goal is to allow for socialization
- Services/supports should be accessible but not necessarily in project
- Location-wise, need for walkability, close to amenities/services in the Village
- Ownership/operation could be via a local board like the clinic already on the Island
- Funding and support programs come with strings (i.e. rules, waitlists, etc.) – not always welcome/suitable to local context/need so prefer a local solution for local residents
- Four individuals indicated an immediate interest in the project

Some additional comments arising from these discussions noted:

- A preference for new development over renovated space in order to better address visitability/accessibility needs
- Recognition that servicing issues are a notable development consideration (especially water)
- The island location also presents some development challenges (i.e. costs, access to labour, logistics for getting materials to site)
- Recognition that there are examples of other models in existence that could be replicated (e.g. Abbeyfield, Kinsmen, condo, life lease)
- There may also be viable options which are not bricks & mortar (i.e. care network, home matching, etc.)

The results of the community consultations are consistent with the findings of the needs analysis in terms of seniors housing in the Township. These community perspectives also provided key insights into the type of housing options and characteristics that were deemed desirable. Together, the needs analysis and community consultation demonstrates the need for a small scale seniors rental project and help to inform the key elements that should/could be incorporated in such a project.



## 3.0 PROJECT CONCEPT

This section of the business plan defines the project concept, as informed by local needs, stakeholder feedback and with regard for the preferred project attributes identified by the Task Force. 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.

### 3.1 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.

The rural, island location and modest demand have an influence on the scale of the project from a sustainability perspective. However, the requirement for private servicing and associated well water requirements also play a significant role in dictating scale. Given the rigorous water testing obligations of the *Safe Drinking Water Act* for multi-residential buildings of more than five units, there is an economic benefit to developing projects like this in increments of five. This enables the cost of well infrastructure to be spread across the maximum number of units within the limits of the Act. Under this scenario, one well would be required to service each five unit residential block.

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 to start at the five unit size. However, the opportunity to expand the project in modules of five should be preserved when establishing initial project layout at the first phase. In that way, additional residential modules can be added to the project site where sufficient demand warrants.

### 3.2 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 80% one bedroom and 20% two bedroom is proposed. For a project of five units total, this would mean 4 one bedroom units and 1 two bedroom unit.

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.

While community proponents were supportive of affordability in the project to meet the needs of lower or moderate income seniors, there was limited support for units that were rent-geared-to-income (RGI). Instead, having a mix of potential incomes was considered desirable. There was also recognition that the financial resources needed to sustain RGI rents would impact on project viability. While funding may be available to offset this impact, the obligations that come along with this funding were not seen as attractive by stakeholders<sup>3</sup>. As such, rental rates have been assumed for the project at average market rent levels (AMR), as reported by CMHC in their annual rental market survey of the Kingston area. For 2014 (the most recently reported year), this would mean 1 bedroom apartments rents at \$888 and 2 bedroom apartment rents at \$1070. 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. Water and sewer charges are not applicable as the project would be developed on private servicing.

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, influences the project financial viability. However, because units are anticipated to rent at AMR 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 600 square feet (gross floor area, GFA) while the 2 bedroom unit has been assumed at 750 square feet GFA.

### 3.3 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

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<sup>3</sup> RGI funding provided by the City of Kingston as the designated local Service Manager is provided in accordance with program rules and guidelines. These can stipulate requirements for things such as eligibility for the project, obligations to fill vacancies from a central wait list and regular income testing of tenants. Stakeholders cited concerns with restrictions like these and their impact on maintaining local control.



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. One unit would also be modified to accommodate a tenant 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 7 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 (1 washer/dryer pair) for resident convenience. Adjacent or in combination with this space, it is also assumed that a sitting or gathering place 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. Only a basic seating area and landscaped space have been assumed under current construction costs.

### 3.4 Project development options

In terms of options, project needs could be realized through either new construction or renovation of an existing structure. While renovation of an existing space to meet needs can be beneficial, there are also inherent risks in re-purposing existing structures. There are also challenges that can be faced in meeting design requirements for new spaces, depending on the condition/configuration of the existing structure. Community consultations indicated a preference for new construction as a means of being more readily able to accommodate specific project needs. As such, new construction is considered as preferred compared against renovation. That said, development opportunities for both have been examined as part of this business plan.

Another option identified earlier is the potential for the project to be expanded as future demand warrants. While the current assumption is an initial development of a five unit project, expanding this model in successive pods of five units could be a highly efficient way to scale the project up as future demand warrants. By replicating the same building design/configuration and by allowing for an expandable septic system, additional modules could be added to the project in a very cost effective manner. To do this, consideration would have to be given in the initial planning stages to appropriately sizing the project site.



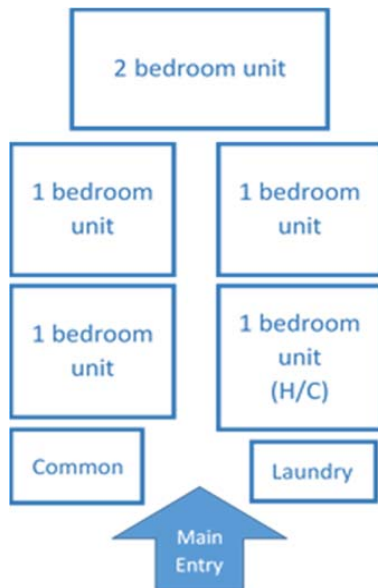
Siting of the initial and potential future buildings on the site would also need to be given due consideration. This would help to ensure that where demand was warranted, successive phases could be added in a purposeful, cost effective and efficient way.

**3.5 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:

- Five self-contained rental apartment units configured around a common, double loaded corridor
- Of these units, four would be 1 bedroom units (600 s.f.) and one would be 2 bedroom unit (750 s.f.) – one unit 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 the CMHC average market rent for the Kingston area and would not include utilities (i.e. heat/hydro paid by tenants)
- Laundry facilities and a common gathering space would be provided to accommodate tenant socialization.
- Total initial building GFA is estimated to be in the order of 4,000 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
- To facilitate aging in place, the building and the units would be designed to a visitable standard
- Surface parking for 7 stalls would be included in the project.
- Project design would be scalable to allow for addition of similar five unit modules as future needs warrant

Figure 2 - Conceptual Project Layout



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.

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



## 4.0 DEVELOPMENT CONSIDERATIONS

As part of the project concept evaluation process, a number of development considerations were examined. These included a review of 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.

### 4.1 Potential development opportunities

Two general approaches to development were considered for the project based on opportunities available in the Marysville area; renovation of an existing building and new construction. Apart from preliminary technical reviews of each options, site visits were also conducted in September of 2014 to assess development 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.

Figure 3 - Development Opportunities Reviewed in Marysville



COUNTY OF FRONTENAC  
BUSINESS PLAN FOR SENIORS HOUSING (MARYSVILLE)

*4.1.1 Renovation opportunities*

In the case of renovation, two existing buildings were specifically reviewed. Both were well-located within the village boundary and directly adjacent to Main Street, providing a high degree of walkability and proximity to existing amenities. These two storey structures are established and are estimated to be in excess of 40-50 years in age. One is estimated to have approximately 15,000 square feet GFA and includes a full commercial kitchen while the other is in the order of 5,000 square feet. Both include residential accommodations and have had additions and alterations over time, as evidenced by multiple level finish and space configurations within the building envelopes. Each also has substantial common area which could accommodate space for social gathering or amenities.

In terms of servicing, both have existing well water treatment systems (one shore well, the other a shared well) and septic systems (both are tank-oriented). Heating is via oil-fired boilers with hydronic baseboard units and it appears these systems having been upgraded over time. The lots that each building are situated on do allow for parking but the lots themselves are substantially built out. As such, there is limited capacity for expanding the current building footprint at either location.

In considering ability to accommodate the preferred development concept, the two renovation options reviewed faced a number of challenges:

- *Floor plate size and configuration* – In the case of the larger building, there is ample floor plate to accommodate the GFA envisioned for the project concept - in fact about three times the required space. For this reason, acquiring and fitting up the building from day one would present financial challenges given the phased approach envisioned for the project. The smaller of the two buildings should be able to accommodate the initial five unit GFA with modest room to spare and as such, might be more suitable to the initial phase. However, the configuration of the existing floor plates for each of the buildings would require extensive renovation in order to address project requirements, especially in the case of accessibility and energy efficiency. Given the extensive nature of these renovations, it is anticipated there would also substantial upgrades required to meet current building code requirements.
- *Age and condition of buildings* – As in any renovation, it is not uncommon to encounter challenges associated with building materials used, repairs undertaken and obligations associated with newer building codes. Older structures typically can have designated substance issues to resolve (e.g. asbestos, UFF insulation, radon gas, etc.). Prior to considering a purchase, part of the due diligence process would involve a formal building condition assessment to document any such issues. This same process would identify the useful life of main building components. While certain older structures may have extended building life due to their more durable construction, this is not always the case. In these instances there can be a more compelling cost/benefit argument for building new, given the longer useful life versus an aging structure. While no formal assessment has been done on either building, the site visit did suggest that challenges would be faced in extending the useful life of the buildings when compared with new construction.
- *Lot area capacity* – While the larger building could accommodate additional units within its current building envelope, there is limited ability to expand the envelope of the building given its current



lot coverage and surrounding uses. The same is true of the smaller building except that the current envelope would only be able to accommodate the units envisioned under the initial project phase. As such, there is no real ability to expand this building in the future.

- *Visitability/accessibility* – In both instances, the existing buildings are configured with two storey floor plates that are challenged in terms of their ability to provide full visitable access and unit accessibility. Extensive renovations would be required to accommodate these features (e.g. wider halls, open layout kitchens/baths, etc.). However, maintaining the two storey configuration would also oblige the installation of a lift or related device in order to make the 2<sup>nd</sup> floor truly accessible to residents. The added costs of such devices would be hard to absorb given the scale economies of this small project.
- *Servicing/HVAC* – Both buildings have established water/septic systems that appear to be in adequate working condition. Given their current use, it is not anticipated that capacity issues would be encountered in accommodating the preferred concept. However, the overall age and condition of these systems may require adjustments to better ‘fit’ with the project. Likewise, the HVAC systems for each building would require substantial re-configuration as part of the renovation process. While this would provide an opportunity to consider energy efficient upgrades on a cost/benefit basis, there are unlikely to be substantial cost savings in retaining existing systems.

As a result, neither of the renovation options were considered to be suitable for fulfilling the requirements of the preferred development concept. Given the common space and kitchen facilities associated with each, they could be better suited to communal/congregate living models for seniors. However, this is not the preferred model for the project and the ability to retrofit visitability and accessibility would remain a significant issue given current floor plate configurations. On the basis of this cursory review, new construction is considered a more appropriate option because it:

- better suits the visitability/accessibility requirements of the project in a single storey configuration
- provides more flexibility to design/configure spaces in accordance with the preferred building concept
- avoids any potential issues associated with existing structures (code issues, designated substances, servicing and HVAC constraints, etc.)
- allows for expansion in the future where demand warrants

#### *4.1.2 New Development Opportunities*

Opportunities to accommodate the building concept via new construction were also considered as part of the review process. During the site visit to Marysville in September 2014, vacant property in two prospective locations was examined for suitability under a new construction scenario. As the core of the village has been developed over the years, there are limited opportunities to accommodate new construction through infill in this area. In addition, the assumed floor plate of 4,000 square feet and minimum distance obligations for servicing (well + septic) mean that minimum lot size for the preferred project concept would be in the order 2-3 acres, depending on soils conditions and surrounding uses.



Where room for potential future expansion is contemplated, this minimum lot size would be in the order of five acres or more. There are limited options in terms of vacant parcels within the village boundaries that could meet these requirements. As such, two prospective locations were identified at the edge of the village boundary.

#### **Division Street Extension**

The first of the two locations identified was south of Main Street, coincident with the village boundary and in line with the theoretical extension of Division Street. At this location, some 27 acres of land inside the village boundary are owned by the Township and include an existing cemetery and community sports fields/facilities. To the immediate south just outside the village boundary are lands held in private ownership. These lands are relatively flat and extend southward some 500m from the village boundary. Widthwise, the lands go from Highway 95 in the west to 7<sup>th</sup> Line road in the east in an inverted “L” pattern, encompassing some 109 acres in all.

Obviously the five acre parcel required for the project concept could be easily be accommodated within this holding. However, the configuration and location of the project site within the larger parcel would be subject to further consideration as part of the design process. Road access to the property from Highway 95 would be most direct, although this road is not well suited for walkability and proximity to Main Street. A more walkable and direct connection could be fostered via the Township property as an extension of Division Street. In this location, the subject lands would be some 450m from the Town Hall on Main Street. Assuming this connection was preferred, it would require more than 200m of additional road to be developed. However, this access would provide a safer and more direct connection for project residents to the amenities found on Main Street.

Based on preliminary discussions, it is assumed for the purposes of this analysis that the Township would absorb the cost of this road extension. It has also been indicated that the parcel owner of the subject land may be willing to consider donation of the lands for the project as a severance from the overall parcel. As such, land costs have been assumed as ‘zero’ for modeling purposes. No known environmental issues exist in the vicinity of the lands in question, although an Environmental Site Assessment would need to be undertaken as part of the due diligence process<sup>4</sup>. As a vacant property, well water testing and soils investigations would also be required as part of the due diligence process to confirm servicing capability/parameters prior to acquisition. These costs have been included within the financial modelling.

#### **Hillcrest Street Extension**

The second of the two locations identified was west of Main Street, adjacent to the village boundary and just south of the theoretical extension of Hillcrest Street. At this location, a small parcel of 0.28 acres of land at the end of Hillcrest Street is owned by the Township. This municipally-owned parcel would provide direct access to the subject lands, situated some 50m west of the village boundary and which are held in private ownership. Low density residential development lies to the east and north of the subject lands, although a notable drop in elevation occurs at the northern edge as one moves towards Highway 96. The subject lands are long and narrow in configuration, extending southward from the Hillcrest Street extension for some 1.7km with an average width of 250m. The parcel is essentially land locked save for an access

<sup>4</sup> There was a former landfill site located north and east of the subject area but given its distance from the subject lands, it is not anticipated to be an issue. The required phase 1 ESA would confirm this condition.



point to Highway 95 at the parcel's southern terminus, altogether accounting for some 85 acres in total size.

The five acre parcel required for the project site could be easily accommodated within this larger parcel. However, the configuration and location of the site within the larger parcel would be subject to further consideration as part of the design process. Presumably the site would be situated immediately south of the road extension, thereby minimizing the length of road extension required. Road access to the property from Hillcrest Street would be most direct, providing walkability and proximity to Main Street. In this location, the subject lands would be more than 550m from the Town Hall on Main Street. This road extension would require the use of municipal lands as well the development of 50-75m of additional road.

Based on preliminary discussions, it is assumed for the purposes of this analysis that the Township would provide the road access and absorb the cost of the road extension. It has also been indicated that the parcel owner of the subject land may be willing to consider donation of the lands for the project as a severance from the overall parcel. As such, land costs have been assumed as 'zero' for modeling purposes. No known environmental issues exist in the vicinity of the lands in question, although an Environmental Site Assessment would need to be undertaken as part of the due diligence process. As a vacant property, well water testing and soils investigations would also be required as part of the due diligence process to confirm servicing capability/parameters prior to acquisition. These costs have been included within the financial modelling.

#### 4.2 Preferred option and procurement

Given the project concept parameters, it is clear that the benefits of developing the proposed project under new construction are more compelling than renovation of an existing building. Based on local opportunities reviewed, there are sufficient and suitable options to pursue development in this manner, subject of course to appropriate due diligence investigations. While not immediately proximal to Main Street locations, these potential sites would still provide reasonable access to amenities and walkability while accommodating the building form/size envisioned. These sites would also be able to accommodate future expansions where the need was warranted.

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 typically 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.

During the review process, it was noted that the island location and challenges associated with getting labour and materials on-site have been issues in past construction projects on Wolfe Island. In response to these logistical considerations, it is not uncommon for contractors to include cost premiums to account for these issues, resulting in higher overall project costs on a per unit basis. In some instances, pre-fabricated



or modular building alternatives have been pursued to overcome these issues. This would involve the design/manufacture of building modules off site by a supplier. The modules would then be subsequently assembled and finished on-site, reducing the overall time and cost necessary for on-site work. Site preparation, servicing and foundation work would still be required but this could be provided either by the modular housing supplier or by separate tender. While individual experience can vary from project to project, it may be possible to achieve some level of savings in unit construction by pursuing this option. However, add back costs for transportation, assembly and fit-up would also need to be considered which could nullify savings. This approach would also involve different design and construction management roles which would need to be factored into the process. For these reasons, conventional construction has been assumed for purposes of financial analysis.

Financial modelling assumptions have assumed a typical design and tender process. As such, pro forma figures include development consultant, architect and contractor estimates. Where alternate procurement options are seen as desirable, the procurement process would need to be modified to reflect this approach. This would result in various trade-offs in terms of costs but for the sake of budgeting, are assumed to net out about the same. A modified procurement process could also be structured in order to secure pricing for regular versus pre-fab construction if the proponent wished to pursue that opportunity.

Another factor that would need to be considered as part of the design/procurement process is the configuration of the project site as well as the ultimate build out. As noted previously, there are clear benefits to construction of multi-residential units in modules of no more than five units due to well testing regulations. While only five units are anticipated under this initial concept, allowing for the potential expansion of the project in the future is prudent. As such, initial project siting should have regard for the requirements of current and future modules. For instance, each five unit pod would require a well and these wells would need to be situated a minimum distance away from any septic field or adjacent agricultural uses. A wide range of septic technology exists and it would be advisable to design in future expandability for these systems to help make most efficient use of site area. In setting out the initial project, consideration would have to be given to these future servicing requirements.

### **4.3 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 for the project is well water availability and quality. A review of well water records in the Marysville area and an associated groundwater study<sup>5</sup> shows a mix of well types have been used to supply potable water for residential purposes. In areas adjacent to the shoreline, shore wells have been common while inland, shallow dug wells or drilled wells are more common. A general review of hydrogeological conditions suggests there is ample available water to meet local requirements and the number of established wells in the Marysville area would seem to support this. However, the same study indicates that there is limited overburden and that depth to water is typically less than 5m. As such, wells tend to be shallow in the clay layer or even in the topsoil layer. Data also suggests that lower flow rates and water quality issues can be present in some instances.

Ideally, the project would be served by a drilled well where quantity of water and quality was suitable for potable purposes. However, as noted above, shallow wells have been more typical. Location of the well on-site is also a factor due to minimum distance provisions under the *Ontario Water Resources Act*. In the case of shallow wells, a 30m setback from a contaminant source (i.e., septic bed) is required whereas a drilled well in excess of 6m depth would be allowed to have a setback of only 15m. Pro forma estimates have allowed for basic water testing and one drilled well but have not allowed for any specialized treatment equipment that could be deemed required. As with ESA requirements, well water quantity and quality should be a condition of land acquisition, thereby ensuring that the site can yield potable water to support the project. Given the desire to plan for possible expansion, future water requirements should also be factored into this decision-making step.

A third 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.

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<sup>5</sup> A review of local conditions is provided in "*Frontenac Islands Groundwater and Aquifer Characterization Study*" by the Cataraqui Region Conservation Authority (October 2007). While there is a recognition in the study that there is limited data with which to work, general well characteristics and water supply conditions are documented.



Hydro servicing would also need to be confirmed as part of the pre-acquisition checklist. Through the site visit process, a visual check confirmed the proximity of hydro service to the potential sites. However, capacity and access points for service would need to be confirmed once siting and building location are confirmed. Standard connection fees have been assumed in pro forma construction figures. Piped natural gas is not available on the island 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.

#### 4.4 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 discussion with County planning officials confirmed that a number of land use approvals would be required to facilitate the proposed project at the vacant property locations. These include:

*Severance* – The potential sites represent only a portion of much larger land parcels. As such, a severance would be required in each instance to legally create the necessary project property from the larger holding. It is not anticipated that issues would be encountered in securing approval.

*Official Plan Amendment (OPA)* – currently, the two potential sites are designated “Rural” under the Township’s Official Plan. They also fall just outside the village boundary and as such, would require an OPA in order to permit the development of a seniors multi-unit housing facility. Given the sites’ immediate proximity to the village boundary, the proposed use and plan to provide road access, it is felt there would be reasonable grounds to support a site-specific OPA. Apart from the application and planning rationale, additional studies may need to be submitted in support of the OPA (e.g. well report, soils report, etc.).

*Zoning Bylaw Amendment (ZBA)* – under the current zoning bylaw, the two potential sites fall within the “Rural (RU)” zone which does not allow for the proposed multi-residential use. In fact, there is not a zone within the current bylaw which would accommodate the use. As such, a site-specific ZBA would be required in order to permit development of a seniors multi-unit housing facility. In order to expedite approvals and given the common issues involved, it would be prudent to make application for both the OPA and ZBA concurrently. The rationale for the ZBA is similar to that of the OPA, so where the OPA application was successful, it is expected that approval of the ZBA would follow.

*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 provision of potable water, confirmation of septic system and frontage on a public road would be required before a permit could be issued. As such, servicing and road access 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.

#### 4.5 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 Main Street
- *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



## 5.0 FINANCIAL FEASIBILITY

A core 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.

### 5.1 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 project 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 fund, 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:

- Five units total – 4 @ 1 bedroom (600 sf/unit) and 1 @ 2 bedroom (750 sf/unit)
- Total buildable area – 4,000 sf (GFA), including modest amenity space
- Building construction – single storey slab on grade, wood frame with standard sloped roof
- Private servicing – drilled well 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 Township and County
- 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.



## 5.2 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 4 - Estimated Capital Budget

| Capital Costs                  |                    |
|--------------------------------|--------------------|
| <i>Soft Costs</i>              |                    |
| Building Consultant Costs      | \$176,605          |
| Site Costs                     | \$23,500           |
| Legal and Organizational Costs | \$23,000           |
| Financing Costs                | \$19,503           |
| Fees and Permits               | \$30,726           |
| Contingency                    | \$13,667           |
| <b>SOFT COSTS TOTAL</b>        | <b>\$286,999</b>   |
| <i>Hard Costs</i>              |                    |
| Construction Costs             | \$900,531          |
| Land Costs                     | \$75,475           |
| <b>HARD COSTS TOTAL</b>        | <b>\$976,006</b>   |
| <b>HST</b>                     | <b>\$157,671</b>   |
| <b>TOTAL CAPITAL COSTS</b>     | <b>\$1,420,676</b> |

The total capital costs for the proposed project under this configuration are estimated to be **\$1,420,676**. This total includes hard costs (land and construction) of \$976,006 and soft costs of \$286,999. It also includes an HST amount of \$157,671. 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.

### 5.2.1 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 modest contingency of 5% has been included to account for unforeseen soft cost variances

### 5.2.2 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 \$200/sf (GFA) and reflect build-on-site construction
- *Site servicing* – includes costs for installation of well, 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 8% of construction cost + site servicing costs to account for unforeseen costs/charges
- *Land* – cost of \$75,000 for 5 acres (based on key informants) + land transfer taxes
- *Harmonized Sales Tax* – assumed as applicable for total capital costs

### 5.3 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.

The total operating costs for the proposed project under the current configuration are estimated to be \$49,557. 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 \$54,964 and include rents, laundry revenues and vacancy loss. As a result, a net annual surplus of \$5,407 is projected which translates into a debt coverage ratio of 1.15 which demonstrates financial feasibility. Details regarding component costs and revenues are identified in the section that follows.



Table 5 - Estimated Year One Operating Budget

| <b>Operating Budget</b>                     |                 |
|---------------------------------------------|-----------------|
| <i>Estimated Operating Revenue</i>          |                 |
| Rental Income from Tenants                  | \$55,464        |
| Laundry Revenue                             | \$1,200         |
| Vacancy Loss                                | -\$1,700        |
| <b>Total Operating Revenue</b>              | <b>\$54,964</b> |
| <i>Estimated Operating Expenses</i>         |                 |
| Maintenance – Wages, Materials and Services | \$1,500         |
| Heat                                        | \$3,750         |
| Electricity                                 | \$500           |
| Property Management Fee                     | \$2,748         |
| Other Administrative Materials & Services   | \$0             |
| Capital Replacement Reserves Contribution   | \$2,199         |
| Insurance                                   | \$1,000         |
| Property Taxes                              | \$1,500         |
| HST                                         | \$1,235         |
| HST Rebate                                  | -\$861          |
| Mortgage Payments                           | \$35,986        |
| <b>Total Operating Expenses</b>             | <b>\$49,557</b> |
| Net Operating Income                        | \$41,393        |
| Debt Service                                | \$35,986        |
| Debt Coverage Ratio                         | 1.15            |
| <b>NET OPERATING PROFIT/LOSS</b>            | <b>\$5,407</b>  |

**5.3.1 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 average market rents for the Kingston area as reported by CMHC (the 2014 rates are 1 bedroom units @ \$888/mth. and 2 bedroom units at \$1,070/mth.)
- *Laundry revenue* - laundry revenue generated from coin-operated machines has been estimated at \$1,200 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.



**5.3.2 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 \$49,557 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, 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.
- *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* – an annual mortgage payment of \$35,986 has been assumed based on the projected lending amount (\$721,067), a 40 year amortization period and an interest rate of 4.0%. 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.

**5.4 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 6 - Anticipated Project Contributions**

| Contributions                 |                  |
|-------------------------------|------------------|
| HST Rebate                    | \$109,884        |
| Fees and Charges Waived       | \$30,726         |
| Capital Grant from the County | \$350,000        |
| Land Value Donated            | \$75,000         |
| Equity Contribution           | \$133,999        |
| <b>TOTAL CONTRIBUTIONS</b>    | <b>\$699,609</b> |

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 \$109,884.
- *Waiver of Planning/Building Fees and Development Charges* – As a County-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 \$30,000, would be waived for 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 Donated* – Based on discussions with municipal officials, it has been indicated that there is interest from local landowners in donating land for the proposed project. As such, the required land which has an estimated value of \$75,000, is assumed to be donated to the project.
- *Equity Contribution* – Based on current estimates of total project costs, potential contributions and assumed debt service capacity, a projected capital shortfall of approximately \$133,999 exists. 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.

**5.5 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 \$1.42M. Funding for development costs would be provided through conventional financing of approximately \$720,000 and a range of project contributions/rebates totaling \$700,000.



Operationally, the project is estimated to have an initial annual operating cost of just under \$50,000 which would be offset by rents and revenues in the order of almost \$55,000. This would result in a modest annual operating surplus of approximately \$5,400. Calculations show that based on this operating cost structure, the project would achieve a debt coverage ratio of 1.15, 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.



## 6.0 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.

### 6.1 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. However, there are no local organizations like this located in the Township. While there may be established organizations in Kingston that could provide this expertise, the island location and small scale of the proposed project create disincentives for their participation. The Kingston and Frontenac Housing Corporation (KFHC) is such an example, which, despite its size and capacity, has raised concerns about management of remote projects already within its portfolio.

Service groups or social agencies may also be able to provide suitable leadership to develop such a project, provided they had an interest in owning/managing a housing project. Based on discussions with municipal officials and feedback from community consultations, it is not evident that there are any interested candidate agencies. Self-ownership/management structures were also reviewed as part of the “*Seniors Community Housing Pilot Project Study*” and considered within the context this review. Under these models, there are concerns that the municipal/County investments made in the project would need to be preserved and that these interests would best be served with some form of oversight.

Given the preferred rental structure for this project, there continues to be a need for day-to-day oversight by a local entity. From discussion and consultation feedback, the notion of providing oversight via a local Board (similar to the existing medical clinic) was cited as a potential option. Given the level of investment in the project by the Township and the County (directly and in-kind), participation in project governance would be seen as desirable. This would help facilitate initial development of the project and provide a sound footing for future sustainability.

While the Township could choose to directly oversee development and operations, it may be best to consider the creation of a separate, legally distinct non-profit housing corporation that has local community representation as well as Township and County participation. 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 County and the Township would further help to provide stability and continuity for the project. In the absence of a suitable local sponsor, the stability of this approach is seen as highly desirable in getting the project up and running.





## 6.2 Planned approach to management

Typically, the Board of Directors of the housing corporation - as volunteers - would provide overall guidance and direction to project staff. However, given the small size of the project and its non-RGI rental structure, it is anticipated that the Board may be required to take a more 'hands-on' approach in lieu of staff. This reflects the fact that the obligations of day-to-day management for the project are considered to be quite modest. As a result, both the time commitment and resources available to compensate a property manager are deemed to equate to only a portion of an FTE (full time equivalent). Under this scenario, the Board could take a more active role in management of the project.

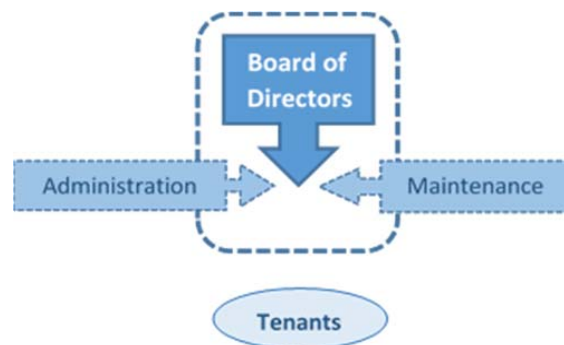
Alternately, were suitable services found locally to fill these modest administration needs, these services could be secured on a contract or part-time basis. As a result, property management duties could be undertaken by an individual/firm who already had other local work and could take on these additional project tasks on a fee for service basis. The duties could also be attractive to a local retiree with suitable experience who could be retained on a casual basis. Where the Township favoured a more direct role, a similar fee-for-service approach could be used by tasking project management responsibilities to an existing Township position and then billing back the housing corporation for these services.

Without the benefit of scale economies and given the island location of the project, flexible locally-based options for management are considered the most realistic for the proposed project.

## 6.3 Operations framework

Operations associated with the project would function in accordance with the proposed management model for the project. As the project is of insufficient scale to warrant staff, the provision of maintenance services would also need to be secured on a fee-for-service basis. Recognizing that cost and availability of external services may be influenced by the island location, securing maintenance support for the project via the Township could be a more practical, lower cost solution for basic maintenance functions. In effect, this approach follows a shared services model whereby maintenance duties could be sourced to an existing Township position and then billed back to the housing corporation. Likewise, higher order maintenance or lifecycle repairs could be facilitated through tendering or standing offers via the Township.

Figure 4 - Conceptual Governance Framework



## 7.0 MOVING FORWARD

### 7.1 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 Marysville 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 – five self-contained apartment units (4 @ one bedroom, 1 @ two bedroom) plus amenity space for a total buildable area of 4,000 sf (GFA)
- Include basic amenity space - laundry facilities (1 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 average market rent level
- 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 in walking proximity to amenities and services in Marysville
- Be procured through a formal design/tender process (stipulated price contract)
- Be financed using a conventional mortgage that is CMHC-insured
- Be owned by a newly constituted non-profit housing corporation
- Be managed by the Board of the housing corporation through local individuals/firms on a fee-for service basis, using shared service arrangements with the Township for maintenance wherever possible

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. There is sufficient demand for this small scale project and opportunities should be preserved to enable additional modules of five units where future demand warrants. Potential sites are available that could accommodate development of the project and allow for future expansion. Extending public road access to these sites would be a prerequisite for project development. 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 a 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 manage the project.





## 7.2 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 County and Township role in the project going forward, as well as pursuing incorporation of the sponsor entity (if this approach is confirmed)
- *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

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
- *Undertake negotiations for land* – this would involve securing conditional terms and conditions for acquiring the project site with a local vendor as well as confirming any related road accesses required from the Township
- *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 water systems, 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

### 7.3 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
- *Procuring a suitable site/location* – a fundamental project requirement is finding and securing a suitable location to develop
- *Securing access to financing* – securing financing is a critical component to meeting the financial obligations of development, regardless of project scale



## 8.0 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.

### 8.1 County-wide Housing Needs and Market Indicators

#### 8.1.1 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 7. 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  |

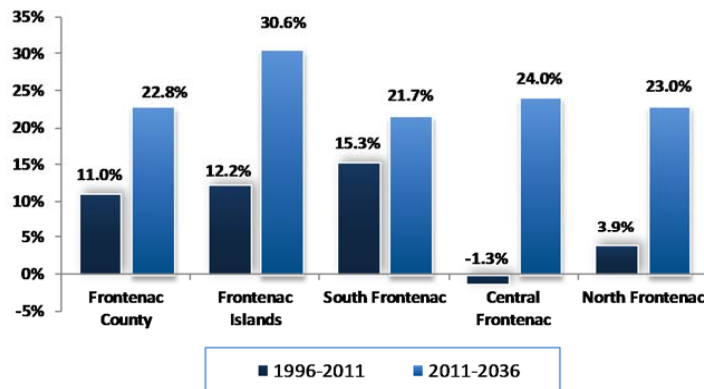
Source: Statistics Canada 1996-2011 Community and Census Profiles; Watson & Associates, Population, Housing and Employment Projections for the Frontenacs, June 2014





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 5. 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)<sup>6</sup> 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.

<sup>6</sup> 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 8. Population Counts and Trends by Age, Frontenac County (including the City of Kingston), 2011 and 2036**

| Age          | 2011           |               | 2036           |               | % Change<br>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%                |
| <b>TOTAL</b> | <b>149,740</b> | <b>100.0%</b> | <b>198,200</b> | <b>100.0%</b> | <b>32.4%</b>          |

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

**Households**

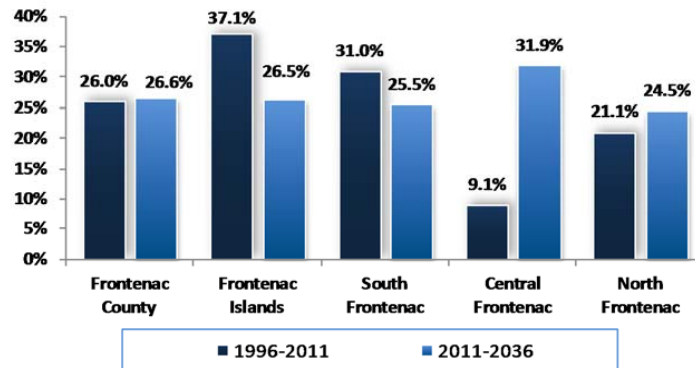
In terms of household growth, the number of households in the County has grown 26.0% from 1996 to 2011, from 8,650 households to 10,900 in 2011. This rate of household growth is notably higher than the population growth rate during the same time period, which is due in part to trending towards smaller, 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 6. Household Growth Trends, Frontenac County and the Townships of Frontenac Islands, South Frontenac, Central Frontenac and North Frontenac, 1996-2036

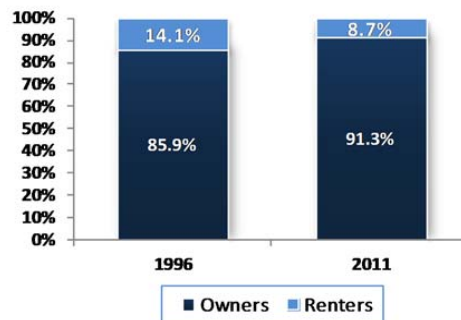


Source: Statistics Canada 1996-2011 Census and Community Profiles; Watson & Associates, Population, Housing and Employment Projections for the Frontenacs, June 2014

**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 7. Tenure Trends, County of Frontenac, 1996 and 2011



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

**Income**

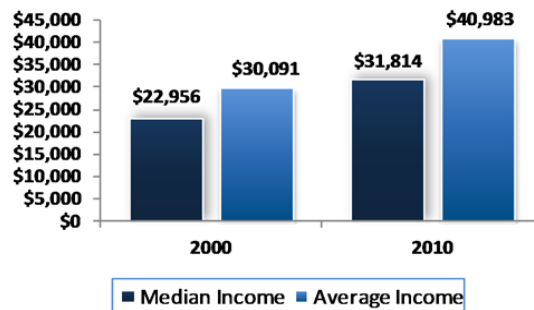
An important element in determining housing need is the economic capacity of a household. By examining income trends and characteristics, it is possible to better identify the affordability limitations of households and the impact these have on the housing options available to them.





In 2010, the median individual income in the County of Frontenac (including Kingston<sup>7</sup>) 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 8. Median and Average Individual Income, County of Frontenac (including City of Kingston), 2000 and 2010



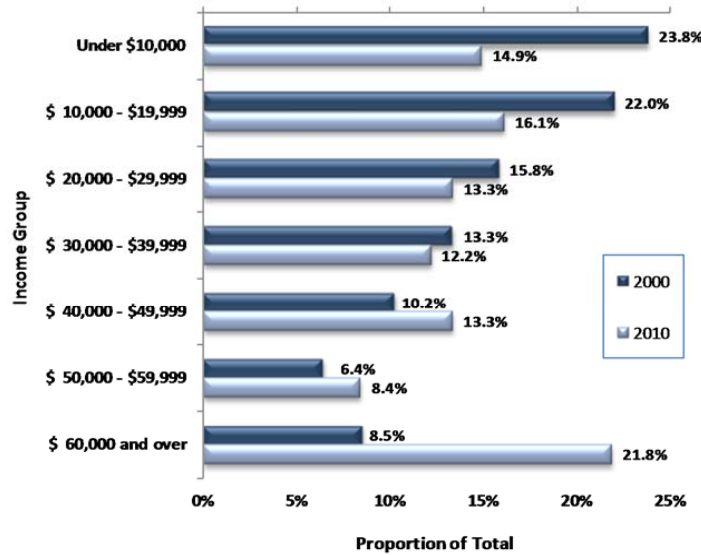
Source: Statistics Canada, Community and NHS Profiles, 2001 and 2011

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.

<sup>7</sup> 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.



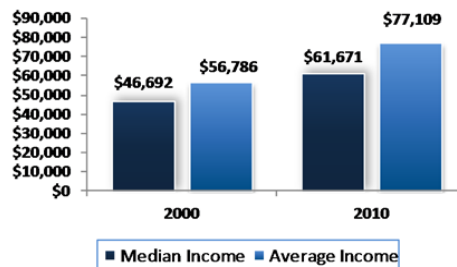
Figure 9. Individual Income Ranges, County of Frontenac (including City of Kingston), 2000 and 2010



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 Kingston<sup>8</sup>), 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 10. 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

<sup>8</sup> As previously noted, NHS income data for 2010 agglomerates figures for the County and the City of Kingston.



**8.1.2 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 9. 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%          |
| <b>TOTAL</b>                                         | <b>10,385</b>    | <b>100.0%</b> | <b>785</b>        | <b>100.0%</b> | <b>6,805</b>    | <b>100.0%</b> | <b>1,890</b>      | <b>100.0%</b> | <b>905</b>      | <b>100.0%</b> |

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

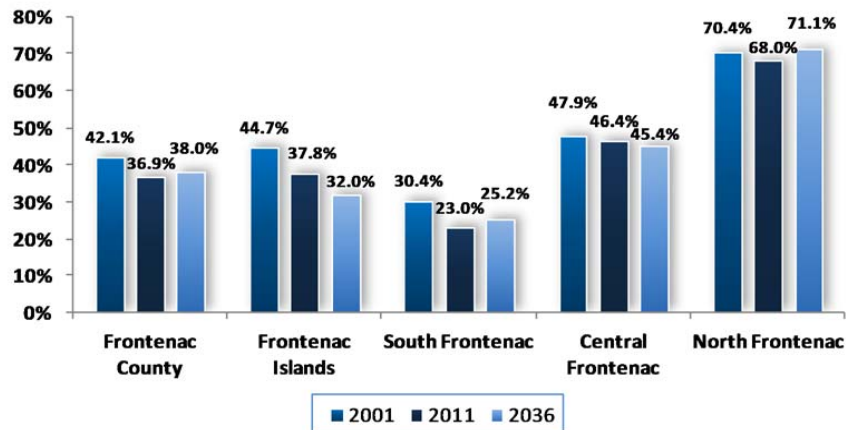




dwellings. All of the townships experienced a decrease in seasonal households during this time period, due in part to conversion to permanent dwellings. In contrast, by 2036 the proportion of seasonal dwellings in the County as a whole is expected to rise slightly to 38% or 8,465 dwellings due to new 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 11. 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 10. Overview of Vacant Lands Designated as Settlement Areas by Municipality

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

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

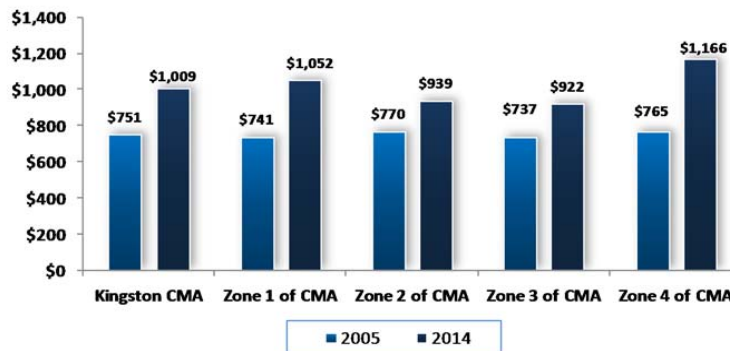


an increase of 32.6% since 2000, when the average monthly shelter cost for rented dwellings was \$675. It is presumed that rising utility costs during this period would have had some influence on these increases.

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 12. 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.

## 8.2 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 11. 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 12. 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 13. Overall Population and Senior Growth Trends, Frontenac County, 2012 and 2036**

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

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 14. 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 |               |
|------------------------------------------------------------------------|------------------|---------------|-------------------|---------------|-----------------|---------------|-------------------|---------------|-----------------|---------------|
|                                                                        | #                | %             | #                 | %             | #               | %             | #                 | %             | #               | %             |
| <b>Number of persons not in census families aged 65 years and over</b> | 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%         |
| <b>Number of census family persons aged 65 years and over</b>          | 3,435            | 76.1%         | 315               | 79.7%         | 1,945           | 77.2%         | 765               | 75.7%         | 410             | 69.5%         |
| <b>TOTAL</b>                                                           | <b>4,515</b>     | <b>100.0%</b> | <b>395</b>        | <b>100.0%</b> | <b>2,520</b>    | <b>100.0%</b> | <b>1,010</b>      | <b>100.0%</b> | <b>590</b>      | <b>100.0%</b> |

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

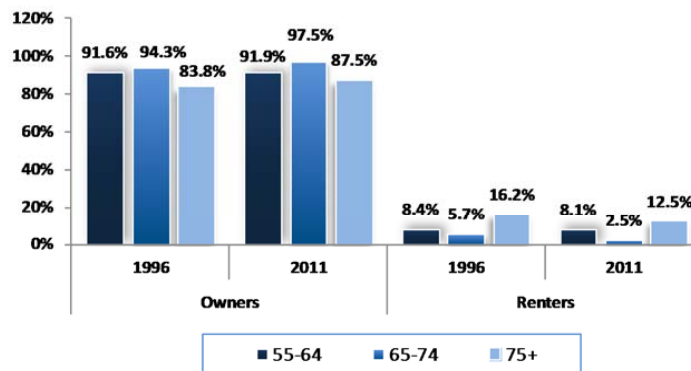


The majority of seniors in the County reside in a family structure (76.1%). The majority of the County seniors' not in a census family (78.7% of seniors not in a census family) were living alone. Proportions are similar across the Townships, and especially for Frontenac Islands. These proportions have 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 13. 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 15. 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         |
| <b>Total</b>    | <b>\$1,411.14</b> | <b>\$16,933.68</b> | <b>\$2,307.20</b> | <b>\$27,686.40</b> |

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 16. 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     |
| <b>Combined benefits</b>            |                             |                |
| 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 17. 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.



## 9.0 APPENDIX B – PRO FORMA DETAILS

| Project Statistics                |                                                     |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
|-----------------------------------|-----------------------------------------------------|------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------|
| Sponsor Group:                    | County of Frontenac                                 |                              | Construction Period: 10 months |                                                                                                      |                                                                                                                                               |                           |                               |
| Project Address:                  | Marysville, Frontenac Island                        |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| Project Type:                     | Rental Housing                                      |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| Site Area:                        | N/A                                                 | SF                           |                                |                                                                                                      |                                                                                                                                               |                           |                               |
|                                   | N/A                                                 | m <sup>2</sup>               |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| Units                             | # of Units                                          | Unit Size (SF)               | Unit Size (m <sup>2</sup> )    | Rent per unit per month                                                                              | Rents as % of AMR                                                                                                                             | 100% AMR                  | Comments                      |
| 1 Bedroom                         | 4                                                   | 600                          | 55.7                           | \$888                                                                                                | 100%                                                                                                                                          | \$888                     | Kingston CMHA AMR (Fall 2014) |
| 2 Bedroom                         | 1                                                   | 750                          | 69.7                           | \$1,070                                                                                              | 100%                                                                                                                                          | \$1,070                   | Kingston CMHA AMR (Fall 2014) |
| 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 |                               |
|                                   |                                                     | (SF)                         | (m <sup>2</sup> )              |                                                                                                      |                                                                                                                                               |                           |                               |
| 0                                 | 5                                                   | 3,150                        | 292.6                          | \$55,464                                                                                             | 100.0%                                                                                                                                        | \$55,464                  | \$55,464                      |
|                                   | (SF)                                                | (m <sup>2</sup> )            | % of Total Space               | Comments                                                                                             |                                                                                                                                               |                           |                               |
| Circulation                       | 350                                                 | 33                           | 8.75%                          |                                                                                                      |                                                                                                                                               |                           |                               |
| Amenity Space                     | 500                                                 | 46                           | 12.50%                         | Could include informal mixed use space (ie: multipurpose hallway/foyer/atrium) and laundry           |                                                                                                                                               |                           |                               |
| <b>Total Building Area</b>        | <b>4,000</b>                                        | <b>372</b>                   |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| Total parking spaces              | 7                                                   |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| Revenue generating parking spaces | 0                                                   |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| Number of storage lockers         | 0                                                   |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| <b>Capital Budget</b>             | County of Frontenac<br>Marysville, Frontenac Island |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| SOFT COSTS                        |                                                     |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
|                                   | Building                                            | Total Cost                   | Per Unit                       | Comments                                                                                             |                                                                                                                                               |                           |                               |
| 1                                 |                                                     |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| 2                                 |                                                     |                              |                                | 6.00%                                                                                                | of construction costs plus HST, excludes group's appliances and furniture and fixtures, includes municipal fees, excludes development charges |                           |                               |
|                                   | Architect, Engineer, Landscape                      | \$115,604.57                 | \$23,121                       |                                                                                                      |                                                                                                                                               |                           |                               |
| 3                                 | Cost Consultant (Quantity Surveyor)                 | \$0                          | \$0                            | Assume costs will be waived                                                                          |                                                                                                                                               |                           |                               |
| 4                                 | Development Consultant                              | \$60,000                     | \$12,000                       | 4.4%                                                                                                 | of total project costs                                                                                                                        |                           |                               |
| 5                                 | Disbursements (Architect/Engineers)                 | \$1,000                      | \$200                          |                                                                                                      |                                                                                                                                               |                           |                               |
| 6                                 | Demolition Consultant                               | \$0                          | \$0                            | Assume not required                                                                                  |                                                                                                                                               |                           |                               |
| 7                                 | <b>Building Sub-total</b>                           | <b>\$176,605</b>             | <b>\$35,321</b>                |                                                                                                      |                                                                                                                                               |                           |                               |
|                                   | Site                                                | Total Cost                   | Per Unit                       | Comments                                                                                             |                                                                                                                                               |                           |                               |
| 8                                 |                                                     |                              |                                |                                                                                                      |                                                                                                                                               |                           |                               |
| 9                                 | Building and Property Appraisal                     | \$0                          | \$0                            | Assume not required as new construction                                                              |                                                                                                                                               |                           |                               |
| 10                                | Topographic and Boundary Survey                     | \$5,000                      | \$1,000                        | Estimate based on similar projects                                                                   |                                                                                                                                               |                           |                               |
| 11                                | Geotechnical Assessment                             | \$3,500                      | \$700                          | Includes investigation of well and septic requirements for soils. Estimate based on similar projects |                                                                                                                                               |                           |                               |
| 12                                | Environmental Assessment                            | \$5,000                      | \$1,000                        | New Phase 1 ESA to July 1 2011 standards is \$5,000                                                  |                                                                                                                                               |                           |                               |
| 13                                | Other Studies as Required                           | \$10,000                     | \$2,000                        | Includes well water pump and quality testing                                                         |                                                                                                                                               |                           |                               |
| 14                                | <b>Site Sub-total</b>                               | <b>\$23,500</b>              | <b>\$4,700</b>                 |                                                                                                      |                                                                                                                                               |                           |                               |





| 15 | <b>Legal and Organizational</b>               | <b>Total Cost</b> | <b>Per Unit</b> | <b>Comments</b>                                                                                                                                                                                                                                                                        |
|----|-----------------------------------------------|-------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16 | Legal Fees                                    | \$10,000          | \$2,000         | Estimate based on similar projects                                                                                                                                                                                                                                                     |
| 17 | Organizational Expenses                       | \$1,000           | \$200           | Estimate based on similar projects                                                                                                                                                                                                                                                     |
| 18 | Marketing/Rent-up                             | \$500             | \$100           | Estimate based on similar projects                                                                                                                                                                                                                                                     |
| 19 | Capital Cost Audit                            | \$6,000           | \$1,200         | Estimate based on similar projects                                                                                                                                                                                                                                                     |
| 20 | Market Appraisal for HST purposes             | \$3,500           | \$700           | Estimate based on similar projects                                                                                                                                                                                                                                                     |
| 21 | Property Taxes During Construction            | \$2,000           | \$400           | Estimate based on similar projects on vacant rural land                                                                                                                                                                                                                                |
| 22 | <b>Legal and Organizational Sub-total</b>     | <b>\$23,000</b>   | <b>\$4,600</b>  |                                                                                                                                                                                                                                                                                        |
| 23 | <b>Financing Costs</b>                        | <b>Total Cost</b> | <b>Per Unit</b> | <b>Comments</b>                                                                                                                                                                                                                                                                        |
| 24 | Interest During Construction                  | \$10,655          | \$2,131         | 3.75%                                                                                                                                                                                                                                                                                  |
| 25 | Interest on Money Borrowed (pre Construction) | \$0               | \$0             | 0.00%                                                                                                                                                                                                                                                                                  |
| 26 | Lender's Legal Financing Fee                  | \$2,500           | \$500           | Estimate if private lender                                                                                                                                                                                                                                                             |
| 27 | Lender's Mortgage Advance Fee                 | \$2,800           | \$560           | \$350 per cash advance, charged on all advances                                                                                                                                                                                                                                        |
| 28 | Lender's Application Fee                      | \$2,500           | \$500           | Estimate if private lender                                                                                                                                                                                                                                                             |
| 29 | CMHC Mortgage Insurance Premium               | \$48              | \$10            | 4.50% residential portion: premiums waived, commercial portion: 4.5% of Loan Value, HST will apply to this cost                                                                                                                                                                        |
| 30 | Insurance During Construction                 | \$1,000           | \$200           |                                                                                                                                                                                                                                                                                        |
| 31 | <b>Financing Costs Sub-Total</b>              | <b>\$19,503</b>   | <b>\$3,901</b>  |                                                                                                                                                                                                                                                                                        |
| 32 | <b>Fees and Permits</b>                       | <b>Total Cost</b> | <b>Per Unit</b> | <b>Comments</b>                                                                                                                                                                                                                                                                        |
| 33 |                                               |                   |                 | as per fee schedule <a href="http://municipality.frontenacislands.on.ca/files/Planning%20Fees%202009.pdf">http://municipality.frontenacislands.on.ca/files/Planning%20Fees%202009.pdf</a>                                                                                              |
| 33 | Minor Variance, Severance Applications        | \$500             | \$100           | \$1,433                                                                                                                                                                                                                                                                                |
| 34 | Zoning Bylaw Amendment                        | \$0               | \$0             | Assumed as waived                                                                                                                                                                                                                                                                      |
| 35 | Official Plan Amendment Application           | \$0               | \$0             | Assumed as waived                                                                                                                                                                                                                                                                      |
| 36 | Site Plan Approval Application                | \$0               | \$0             | \$0 No fee                                                                                                                                                                                                                                                                             |
| 37 | Demolition Permit Fee                         | \$0               | \$0             | Assume not required                                                                                                                                                                                                                                                                    |
| 38 | Building Permit Fees                          | \$14,050          | \$2,810         | \$10.00 \$50 plus \$10 per \$1000 of estimated costs per Building Bylaw Permit Fees <a href="http://municipality.frontenacislands.on.ca/files/Planning%20Fees%202009.pdf">http://municipality.frontenacislands.on.ca/files/Planning%20Fees%202009.pdf</a>                              |
| 39 | Plumbing/Fixture Fee                          | \$0               | \$0             | 0 No fee                                                                                                                                                                                                                                                                               |
| 40 | Development Charges                           |                   |                 |                                                                                                                                                                                                                                                                                        |
| 41 | Local                                         | \$16,176          | \$3,235         | \$3,220.62/dwelling unit for Wolfe Island and \$0.853/ft sq for non residential, as per development charges fees <a href="http://municipality.frontenacislands.on.ca/files/Planning%20Fees%202009.pdf">http://municipality.frontenacislands.on.ca/files/Planning%20Fees%202009.pdf</a> |
| 42 | School Board Levy                             | \$0               | \$0             | No fee                                                                                                                                                                                                                                                                                 |
| 43 | Parkland Dedication Fees                      | \$0               | \$0             | No fee                                                                                                                                                                                                                                                                                 |
| 44 | <b>Fees and Permits Sub-total</b>             | <b>\$30,726</b>   | <b>\$6,145</b>  |                                                                                                                                                                                                                                                                                        |
| 45 | <b>Soft Costs Summary</b>                     | <b>Total Cost</b> | <b>Per Unit</b> | <b>Comments</b>                                                                                                                                                                                                                                                                        |
| 46 | Soft Costs Sub-total (7, 14, 22, 31, 44)      | \$273,333         | \$54,667        |                                                                                                                                                                                                                                                                                        |
| 47 | Soft Cost Contingency                         | \$13,667          | \$2,733         | 5.0% includes financing costs of \$19,503                                                                                                                                                                                                                                              |
| 48 | <b>Soft Costs Total</b>                       | <b>\$286,999</b>  | <b>\$57,400</b> |                                                                                                                                                                                                                                                                                        |



| 49 HARD COSTS                                    |             |           |                                                                                                                           |
|--------------------------------------------------|-------------|-----------|---------------------------------------------------------------------------------------------------------------------------|
| 50 Construction Costs                            | Total Cost  | Per Unit  | Comments                                                                                                                  |
| 51 Base Construction Cost                        | \$800,000   | \$160,000 | \$200 per square foot of construction                                                                                     |
| 52 Site Servicing                                | \$22,500    | \$4,500   | Includes septic and well construction                                                                                     |
| 53 Hydro Connection Fee                          | \$3,000     | \$600     | Estimate based on similar projects                                                                                        |
| 54 Remediation Costs                             | \$0         | \$0       | Assume not required                                                                                                       |
| 55 Demolition                                    | \$0         | \$0       | Assume not required                                                                                                       |
| 56 Sprinklers                                    | \$0         | \$0       | included in base construction                                                                                             |
| 57 Appliances                                    | \$4,000     | \$800     | \$1,000 per unit is a typical cost for a fridge and a stove for non-modified units (4 sets)                               |
| 58 Appliances (Washer/Dryer)                     | \$1,500     | \$300     | \$1,500 per set.                                                                                                          |
| 59 Appliances (Modified units)                   | \$2,825     | \$565     | \$2,825 Side-by-side fridge \$1100; range is \$840; built-in, side-swing door wall oven is \$885 (minimum costs). (1 set) |
| 60 Escalation                                    | \$33,353    | \$6,671   | 4.0% of construction costs                                                                                                |
| 61 Contingency                                   | \$33,353    | \$6,671   | 4.0% of construction costs                                                                                                |
| 62 Construction Costs Sub-total                  | \$900,531   | \$180,106 |                                                                                                                           |
| 63 Land / Property Acquisition Costs             | Total Cost  | Per Unit  | Comments                                                                                                                  |
| 64 Purchase Price / Value                        | \$75,000    | \$15,000  | \$0 5 acres                                                                                                               |
| 65 Provincial Land Transfer Tax                  | \$475       | \$95      | First \$55,000 at 0.5% + \$55,000-\$250,000 at 1% + \$250,000 and up 1.5%                                                 |
| 67 Land Cost Sub-total                           | \$75,475    | \$15,095  |                                                                                                                           |
| 68 TOTAL CAPITAL COSTS                           | Total Cost  | Per Unit  | Comments                                                                                                                  |
| 69 Hard Cost Total                               | \$976,006   | \$195,201 |                                                                                                                           |
| 70 Soft Cost Total                               | \$286,999   | \$57,400  |                                                                                                                           |
| 71 HST                                           | \$157,671   | \$31,534  | 13%                                                                                                                       |
| 72 Total Project Cost                            | \$1,420,676 | \$284,135 |                                                                                                                           |
| 73 Contributions                                 | Total Cost  | Per Unit  | Comments                                                                                                                  |
| 74 Minor Variance, Severance Applications waived | \$500       | \$100     |                                                                                                                           |
| 75 Zoning Bylaw Amendment waived                 | \$0         | \$0       |                                                                                                                           |
| 76 Official Plan Amendment Application waived    | \$0         | \$0       |                                                                                                                           |
| 77 Site Plan Approval Application waived         | \$0         | \$0       |                                                                                                                           |
| 78 Demolition Permit Fee waived                  | \$0         | \$0       |                                                                                                                           |
| 79 Building Permit Fees waived                   | \$14,050    | \$2,810   |                                                                                                                           |
| 80 Plumbing/Fixture Fee waived                   | \$0         | \$0       |                                                                                                                           |
| 81 Development Charges waived                    | \$16,176    | \$3,235   |                                                                                                                           |
| 82 Parkland Dedication Fees waived               | \$0         | \$0       |                                                                                                                           |
| 83 Fundraising contribution                      | \$0         | \$0       |                                                                                                                           |
| 84 Land Value Donated                            | \$75,000    | \$15,000  | Land will be donated                                                                                                      |
| 85 Service Manager Grant                         | \$350,000   | \$70,000  |                                                                                                                           |
| 86 PST rebate                                    | \$79,563    | \$15,913  | 82% rebate applied to the PST portion of HST                                                                              |
| 87 GST Rebate                                    | \$30,321    | \$6,064   | 50% rebate applied to the GST portion of HST                                                                              |
| 88 Equity Contribution Required                  | \$133,999   | \$26,800  |                                                                                                                           |
| 89 Total Contributions                           | \$699,609   | \$139,922 |                                                                                                                           |
| 90 Total Project Cost Less Contributions         | \$721,067   | \$144,213 |                                                                                                                           |
| 91 Mortgage                                      | Comments    |           |                                                                                                                           |
| 92 Mortgage Amount                               | \$721,067   |           | No AHP funding assumed                                                                                                    |
| 93 Mortgage Interest Rate                        | 4.00%       |           | based on most recent lender quotes                                                                                        |
| 94 Mortgage Amortization                         | 40 years    |           |                                                                                                                           |
| 95 Annual Mortgage Payments                      | \$35,986    |           |                                                                                                                           |
| 96 Bridge Loan Required                          | -\$93,975   |           |                                                                                                                           |





| <b>Operating Budget</b> |                                           | County of Frontenac          |                                                                                     |
|-------------------------|-------------------------------------------|------------------------------|-------------------------------------------------------------------------------------|
| <b>First Full Year</b>  |                                           | Marysville, Frontenac Island |                                                                                     |
| 97                      | <b>Estimated Operating Revenue</b>        | <b>Total</b>                 | <b>Per Unit</b> <b>Comments</b>                                                     |
| 98                      | Rental Income from Tenants                | \$55,464                     | \$11,093                                                                            |
| 99                      | Laundry Revenue                           | \$1,200                      | \$240 Estimated at \$20 per unit per month                                          |
| 100                     | Parking Revenue                           | \$0                          | \$0 Estimated at \$0 per parking space per month                                    |
| 101                     | Vacancy Loss                              | -\$1,700                     | -\$340 3% of Rental, Parking, Laundry, Locker revenue                               |
| 102                     | <b>Total Operating Revenue</b>            | <b>\$54,964</b>              | <b>\$10,993</b>                                                                     |
| 103                     | <b>Estimated Operating Expenses</b>       | <b>Total</b>                 | <b>Per Unit</b> <b>Comments</b>                                                     |
| 105                     | Maintenance - Wages, Materials & Services | \$1,500                      | \$300 Estimate based on similar projects                                            |
| 106                     | Heat                                      | \$3,750                      | \$750 Estimate based on similar projects                                            |
| 107                     | Electricity                               | \$500                        | \$100 For common areas only. Tenants pay for own                                    |
| 108                     | Property Management Fee                   | \$2,748                      | \$550 5% of (100% AMR + other revenue)                                              |
| 109                     | Other Administrative Materials & Services | \$0                          | \$0 Estimate based on similar projects                                              |
| 110                     | Bad Debts                                 | \$0                          | \$0 included in vacancy loss                                                        |
| 111                     | Capital Replacement Reserves Contribution | \$2,199                      | \$440 4% of Total Operating Revenue                                                 |
| 112                     | Insurance                                 | \$1,000                      | \$200 Estimate based on similar projects                                            |
| 113                     | Property Taxes                            | \$1,500                      | \$300 per unit: 40% of multi-residential rate (assumes preferential rate/reduction) |
| 114                     | HST                                       | \$1,235                      | \$247 Assumes that all Operating expenses are before tax                            |
| 115                     | HST Rebate                                | -\$861                       | -\$172 Assumes 82% rebate on the PST portion and 50% rebate on the GST portion      |
| 116                     | <b>Sub-total</b>                          | <b>\$13,571</b>              | <b>\$2,714</b>                                                                      |
| 117                     | Mortgage Payments                         | \$35,986                     | \$7,197                                                                             |
| 118                     | <b>Total Operating Expenses</b>           | <b>\$49,557</b>              | <b>\$9,911</b>                                                                      |
| 119                     | Net Operating Income                      | \$41,393                     |                                                                                     |
| 120                     | Debt Service                              | \$35,986                     |                                                                                     |
| 121                     | Debt Coverage Ratio                       | 1.15                         |                                                                                     |
| 122                     | <b>Net Operating Profit/Loss</b>          | <b>\$5,407</b>               |                                                                                     |



COUNTY OF FRONTENAC  
BUSINESS PLAN FOR SENIORS HOUSING (MARYSVILLE)