



BUSINESS PLAN



FOLKSTONE AFFORDABLE HOUSING APARTMENT

Stony Plain, Alberta

5303-47 Street
Stony Plain, AB T7Z 1P1

p. 780-963-2149
f. 780-963-0923

www.meridianfoundation.ca

Table of Contents

I.	Executive Summary	2
II.	Project Description	4
III.	Needs Review	6
IV.	Project Timeline	8
V.	Capital Cost Review	9
VI.	Operating Cost Review	10
VII.	Conclusion	11
VIII.	Appendix	12

Executive Summary

Meridian Foundation was established in 1960 in Stony Plain, Alberta when local municipalities entered into a collaborative partnership to provide housing for seniors 65 and older.

Currently, these municipalities include: City of Spruce Grove, the Town of Stony Plain, Parkland County and the Village of Wabamun. In 1995, Meridian Foundation was established as a “Housing Management Body” by Ministerial Order under the Alberta Housing Act and then became a registered charity.

This business plan outlines the proposed construction of an affordable housing apartment for seniors and emerging seniors (aged 55 plus) in Stony Plain, Alberta. In December 2017, Meridian Foundation received confirmation of \$6,000,000 in partnership funding from the Alberta Government – Ministry of Housing and Seniors towards an affordable housing project. Having already acquired land at #17 Folkstone Place in Stony Plain, the Foundation has planned new construction of a 63-unit¹ affordable living apartment.

The four-story apartment will consist of a mix of one and two-bedroom units. At present, the Foundation has couples on a waiting list in need of larger rooms (the two-bedroom option). At this time, Meridian Foundation is unable to meet these needs.

The facility will also feature a community-use space with access to an outdoor deck. Meridian Foundation has considered facility elements including affordability, accessibility and energy efficiency in the pre-schematic design.

The target audience for this project is mature adults and seniors aged 55 and older. Currently the facilities owned and/or managed by Meridian Foundation require that residents be at least 65 years old. This new initiative incorporates a younger demographic to address an important gap in housing by including "emerging seniors" (those aged 55-64) within the project's scope.

The Foundation always maintains a wait list of individuals seeking appropriate housing. This reality, along with a review of the Parkland Sub-region Housing Needs Assessment (February 2016), has substantiated the demand and need for the addition of an affordable living facility for seniors and emerging seniors in the region.

The proposed construction timeline will allow for occupancy by late 2020.

¹ The number of units is under review pending requirements for barrier-free units for CMHC Co-investment Fund

The estimated cost of this new construction project is \$13,958,000. The project will be funded through a combination of government funding, cash reserves, mortgage financing and a capital community fundraising initiative.

The operating costs of the new facility will be self-supporting.

The Folkstone Affordable Housing Apartment will allow Meridian Foundation to better meet the needs of seniors seeking affordable housing in the Parkland region.

Project Description

Meridian Foundation, in partnership with the Government of Alberta – Ministry of Seniors and Housing, will construct a 63-unit affordable living apartment facility.

In October 2016, the Foundation purchased the land (1.1 acres) at #17 Folkstone Place in Stony Plain, Alberta. This lot is zoned as C-3 (Central Mixed Use – dwelling, multi-unit), enabling the Foundation to capitalize on the site’s housing potential.

A pre-schematic design study has been commissioned and completed by Najfeldt Architect Inc. The study details the following project description:

APARTMENT	4-storey building			
	Single level parkade below ground			
Total Units	63 Apartments			
Surface Parking	37 Stalls			
Parkade Level	43 Stalls, Mechanical and Electrical Rooms			
Main Floor	15-Apartment Units			
Second Floor	16-Apartment Units			
Third Floor	16-Apartment Units			
Fourth Floor	16-Apartment Units			
UNIT MIX				
Main Floor	11	1-Bedroom	4	2-Bedroom
Second Floor	10	1-Bedroom	6	2-Bedroom
Third Floor	10	1-Bedroom	6	2-Bedroom
Fourth Floor	10	1-Bedroom	6	2-Bedroom
<hr/>				
UNIT MIX SUMMARY	41	1-Bedroom	22	2-Bedroom

Each unit will contain a kitchen, living and dining area, bathroom, bedroom(s) and storage. Room furniture will not be provided.

By providing one and two-bedroom units, this initiative addresses the shrinking gap in life expectancy between men and women (more senior couples are living longer) by offering larger, two-bedroom options. This project responds to the fact that women represent almost 70% of our eldest seniors (those aged 85 and older) with the majority living alone in later years.

Main Floor Community-use Space

The main floor will feature a community-use space that includes a large furnished indoor area with outdoor deck access. The space will be accessible to residents, community groups and citizens and will be utilized for resident programming, community functions/meetings and private events.

Resident Programming and Additional Amenities

Additional amenities for residents are currently being considered, as well as the feasibility of specialized programming designed to enhance quality of life for residents.

Affordability

The facility will offer a mixed model of affordable and market rent units. The banner rent system is comprised of three categories:

- 21% plus below CMHC posted average rents for the area;
- 15% plus below market rent;
- Market rent rate.

Applicants will need to provide a copy of their Canada Revenue Agency Notice of Assessment in determining an appropriate rental bracket.

Accessibility

All facility common areas will feature barrier-free design.

Energy Efficiency

The project will be designed to achieve a 25% decrease in energy consumption and greenhouse gas (GHG) emissions relative to the most recent national building and energy codes (2015 National Energy Code for Buildings or the 2015 National Building Code).

Needs Review

Current Wait List

Meridian Foundation maintains a wait list of seniors requiring appropriate housing in the Parkland region. There is currently no affordable housing available for seniors in Stony Plain².

Studies have shown that the majority of seniors wish to age in their own communities. By including emerging seniors (those aged 55 - 64) in this project, the Foundation is acknowledging and responding to the significant number of requests received for affordable housing from this younger demographic. This approach is prudent, inclusive and timely, recognizing that "emerging seniors," also struggle with low incomes, face rising housing unaffordability and would likely benefit from barrier-free facilities which have been designed with seniors in mind.

Parkland Sub-region Housing Needs Assessment

The Parkland Sub-region Housing Needs Assessment Report³ provides a comprehensive overview of the current and anticipated housing market and demographics in Parkland, in order to assess the current and future housing needs in the sub-region. The Capital Region Board (CRB) developed the Housing Assessment Tool (HAT) used in this assessment as an important first step in providing an overview of the current housing situation, recent trends and future needs in each of its six housing sub-regions, toward the creation of an integrated regional housing plan.

Meridian Foundation has reviewed this report and identified the following in the decision to move forward with an additional affordable independent living facility. The 2011 National Household Survey (NHS) identifies households who pay more than 50% of their income for housing and are experiencing acute housing needs. Single person households, including seniors, are the largest number in acute need in the Parkland Sub-region. The report has assessed that single person households have the greatest need in terms of numbers and severity of need - one in eight pays more than 50% - and require small, affordable housing units.

² http://www.seniors-housing.alberta.ca/housing/find_housing.html

³ Parkland Sub-region Housing Needs Assessment, Headwater Group, February 29, 2016

Current Trends

According to the Federation of Canadian Municipalities, "*Seniors and Housing: The Challenge Ahead*": *Part II of Canada's Aging Population: The Municipal Role in Canada's Demographic Shift, 2015*:

- Close to 700,000 senior-led households (in Canada) face a housing affordability challenge.
- Seniors who live alone experience poverty at nearly twice the rate of other seniors. In 2011 one in four seniors (26.7% or 1.2M) lived alone and this rate increases with age. Six out of ten seniors lived as couples but the likelihood of living as a couple declines with age.
- Almost one in two senior-led households that rent face affordability challenges.
- Affordable housing options for seniors are limited. The vacancy rate at seniors' residences is high across the country and, at 2.5 times the cost of rents in the private market; they are not an option for many seniors.
- Housing is becoming less affordable. Investment in new market rental housing has stagnated for more than a decade and access to home ownership has relied on low mortgage rates rather than increased incomes, leaving heavily indebted homeowners exposed to the risk associated with an eventual rise in interest rates and possibly the financial burden of lines of credit and second mortgages.
- Women with lower incomes who live alone are our most vulnerable seniors.

Project Timeline

The following proposed timeline accommodates the anticipated minimum time allocation of number of weeks required to complete a milestone task during project design development, tendering and construction period.

Anticipated Schedule:

<u>Project Stage</u>	<u>Completion Dates</u>
Design Work Commencement	July 2018
Pre-schematic Design	August 2018
Detailed Design	December 2018
Contract Documentation	January 2019
Bid Period	
Bid Issue	January 2019
Bid Close	February 2019
Construction Period	70 weeks (16 months)
Construction Start	March 2019
Construction Completion	November 2020
Anticipated Occupancy	December 2020

Capital Cost Review

Meridian Foundation has clear title to the land, valued at \$475,000. The Foundation is eligible as a para municipality for a full 5% rebate on GST for the project.

Capital cost summary:

Site Services	95,000
On-site Development	253,000
Apartment Building Above Parkade	11,080,000
Parkade Slab & Ramp	725,000
Soft Costs	155,000
Professional Fees	825,000
Contingency	350,000
Land Purchase	<u>475,000</u>
Total Estimated Project Cost:	13,958,000⁴

Project funding:

Alberta Seniors & Housing – confirmed	6,000,000
Town of Stony Plain – confirmed	425,000
Land – already acquired	475,000
Meridian Foundation Reserve Funds	1,058,000
Financing	<u>6,000,000*</u>
Total:	13,958,000

** Meridian Foundation will launch a capital campaign to raise \$1,500,000 through the support of governments, corporations, service groups and individuals. Funds raised will lower the amount of financing required.*

⁴ Projected costs do not include furnishings and equipment – to be determined

Operating Cost Review

Attached is a summary of the Meridian Foundation operating costs which brings together the 2019 approved budget, the budget for the new facility, and debt servicing costs. Costs of providing enhanced amenities to the residents is to be determined.

The intent of this affordable housing concept is that it will be self-sustaining.

Conclusion

The proposed new facility at #17 Folkstone Place in Stony Plain by the Meridian Foundation is affordable and will assist the Foundation in better meeting the needs of seniors in the region who do not now have access to affordable living in the Parkland region.

As a result of this project, the Foundation will also be able to significantly reduce waiting lists while addressing a new age demographic in this community in need of affordable housing.

This project will enhance the Town of Stony Plain's efforts to become an inclusive community and will enable the Town of Stony Plain to achieve its goal of providing diversified housing options suited to the specific needs of various populations.

Additional Documents Available Upon Request

Meridian Foundation – 2017 Annual Report

Meridian Foundation – 2018-2020 Strategic Plan Overview

Meridian Foundation – 2018 Housing Options

Meridian Foundation – 2018 Resident Survey Summary

Meridian Foundation – Building Choices, Enriching Lives

Meridian Foundation – Business Plan 2019-2021

Folkstone Affordable Housing Apartment – Pre-schematic Design Study

Parkland Sub-region Housing Needs Assessment

Appendix

Appendix A Capital Project Budget

Appendix B Operating Budget

APPENDIX A – Capital Project Budget

4 - STOREY BUILDING ABOVE GRADE AND 1 – LEVEL UNDERGROUND PARKADE

1	SITE SERVICES	
	Water & Sanitary Sewer hook-up Allowance	30,000
	New Hydrant Allowance	20,000
	Gas Service Allowance	15,000
	Power, Cable, Telephone Services Allowance	30,000
	Total Site Services Cost	95,000
2	ON-SITE DEVELOPMENT	
	Parking and Driveways Allowance - 1529 m ² @ 100/m ²	153,000
	Site Concrete Allowance	40,000
	Landscaping Allowance	35,000
	Storm Water Management Allowance	25,000
	Total On-Site Development Cost	253,000
3	APARTMENT BUILDING ABOVE PARKADE	
	Main Floor - Occupied Area 1,390 m ² (14,962 ft ²)	
	Second Floor - Occupied Area 1,240 m ² (13,348 ft ²)	
	Third Floor - Occupied Area 1,240 m ² (13,348 ft ²)	
	Fourth Floor - Occupied Area 1,240 m ² (13,348 ft ²)	
	Total Apartment Area - 5110 m ² (55,000 ft ²) @ 200/ft ²	11,000,000
	Roof Mechanical Area - 76.84 m ² (827 ft ²) @ 95/ft ²	80,000
	Total Apartment Building Above Parkade	11,080,000
4	PARKADE, 1 - LEVEL UNDERGROUND	
	Cost of adding rated structural slab on top of Parkade	
	Parkade Area 1,484 m ² (15,974 ft ²) @ 45.50/ft ²	725,000
5	SOFT COSTS	
	Site Survey and Geo-Tech Testing Allowance	30,000
	Building and Development Permits Allowance	70,000
	Construction Quality Control Allowance	40,000
	Printing/Courier Allowance	15,000
	Total Soft Cost	155,000

	SUMMARY OF CONSTRUCTION COST	
	1. Site Services	95,000
	2. On-Site Development	253,000
	3. Apartment Building Above Parkade	11,080,000
	4. Parkade Slab and Ramp	725,000
	5. Soft Costs	155,000
	TOTAL CONSTRUCTION COST	12,308,000
6	PROFESSIONAL FEES	
	Architectural and Engineering Professional Fees	800,000
	Project Fee Allowance 12,308,000 @ 6.5%	25,000
	Team Travel Allowance 200 @ 125/trip	
	TOTAL CONSULTING FEES	825,000
7	OTHER COSTS	
	Contingency @ 2.85% of Construction cost of 12,308,000	350,000
8	BUDGET SUMMARY	
	Construction Total	12,308,000
	Fees Total	825,000
	Contingency	350,000
	TOTAL PROBABLE PROJECT COST	13,483,000
	LAND PURCHASE – 17 FOLKSTONE PLACE, STONY PLAIN, AB	475,000
	TOTAL ESTIMATED PROJECT COST (63 UNITS) WITH LAND PURCHASE	13,958,000

APPENDIX B - Operating Budget					
Revenues					
# of Units		Rent Mix	Monthly Rental Rate		
16	1 Bdr	Market	1100	\$ 17,600.00	
8	2 Bdr	Market	1375	\$ 11,000.00	
12	1 Bdr	15% Plus - Lower than Market	900	\$ 10,800.00	
7	2 Bdr	15% Plus - Lower than Market	1050	\$ 7,350.00	
13	1 Bdr	21% Plus - Lower than CHMC Ave. Rents	775	\$ 10,075.00	(30% of Units - Affordable) *
7	2 Bdr	21% Plus - Lower than CHMC Ave. Rents	820	\$ 5,740.00	(30% of Units - Affordable) *
63	Total	Total Monthly Rental Income		\$ 62,565.00	
		Total Annual Rental Income	(12 months)	\$ 750,780.00	
		Utility Income		\$ 78,300.00	(Individually Metered)
		Parking Income		\$ 26,640.00	(20 X \$25/mos, 43 X \$40/mos)
		Room Rental Income (Communal Lounge)		\$ 12,000.00	
		SUBTOTAL		\$ 867,720.00	
		Vacancy Rate	(Based on 10%)	\$ 86,772.00	
		TOTAL ANNUAL REVENUE		\$ 780,948.00	
Expenditures					
		Taxes		\$ -	**
		Insurance		\$ 15,000.00	
		Utilities		\$ 87,000.00	
		Maintenance and Repair		\$ 70,000.00	
		Management		\$ 123,000.00	
		Replacement Reserves	(4%)	\$ -	***
		Garbage/Snow		\$ 10,000.00	
		Financial Institution - Mortgage Payments	4.80% (Interest Rate)	\$ 410,596.08	****
		TOTAL EXPENDITURES		\$ 715,596.08	
		Net Operating Income		\$ 65,351.92	
* Based on October 2017 CMHC Findings for Average Rents.					
** Based on Property Tax Exemption (Town of Stony Plain).					
*** Waived the first three years as per Agreement – approx. \$31,238/yr (based on 4% of total revenue).					
**** Based on a high interest rate of 4.80% which could be significantly lower with financing approval for the CMHC Co-investment Fund rate of 2.75% (\$331,568) which would increase the net operating income by \$79,028.					