



## Board Report

**To:** Warden Mitch Twolan  
Members of the Bruce County Housing Corporation

**From:** Christine MacDonald  
Director of Human Services

**Date:** June 20, 2019

**Re:** Kincardine Housing Build Project Budget

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### Recommendation:

**That the Kincardine Housing Build Project Budget be approved.**

### Background:

The Kincardine Housing Build is a 2019 Major Initiative in the 2019 Human Services Business Plan. The objective of the project is to provide additional units of community housing in a new purpose built development. The project will include 35 community housing units (25 one-bed units; 6 two-bed units and 4 three-bed units) and an office 'hub' for Human Services.

The main project phases as outlined in the 2019 Business Plan are shown below.

		2019				2020			
Phase	Main Tasks	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Planning & Design								
2	Construction								
3	Inspection								
4	Tenant Occupancy								

### Phase 1 - Planning & Design

Phase 1 involves the acquisition of land, planning and permit approvals and confirmation of site plan. The procurement of project management; design consultant for architectural and sub-consultants; and confirmation of project scope and tender for construction. Bidders for the construction tender will be required to pre-qualify.

Phase 1 - Major Tasks	May	Jun	Jul	Aug	Sept
Award Consulting Agreement					
Conceptual Design					
50% Design Documents					

Site Plan Approval					
90% Design Documents					
Building Permit					
Tender Ready Documents					
Construction Tender Close					
Construction Contract Award					

## Phase 2 - Construction

Construction will be the longest phase of the project and the detailed timelines will be scoped based on the Design and Tender ready documents in Phase 1 and further updates will be provided to the board.

## Phase 3 - Inspection

Inspection will occur periodically throughout the construction phases as per the Design Consultant Schedule, with final inspections occurring at project closeout in Q3 to Q4 of 2020. The detailed timelines will be scoped based on the Design and Tender ready documents in Phase 1 and further updates will be provided to the board.

## Phase 4 - Tenant Occupancy

Tenants will occupy the building late 2020. Housing Services staff will provide support and assistance to tenants that will be moved from existing stock to the new stock. Staff have been providing communication to impacted tenants and will continue to do so through the length of the project.

## Summary of Main Tasks in Q1 & Q2

- The project management work was awarded to Housing Services Corporation. A project kick-off meeting was initiated on April 1, 2019.
- Staff have identified and are overseeing the completion of planning related requirements for severance and zoning applications including but not limited to: preliminary site plan; planning justification; planning land use compatibility; functional servicing and preliminary storm water management.
- An RFP for Design Consultation was awarded at the end of May to Allan Avis Architects upon completion of a twostep evaluation process. Six firms submitted qualifying proposals.
- Confirmation and initiation of the design process schedule as noted in the Phase 1 - Major Tasks description above.
- 10 Wilson Crescent was vacated and staff have prepared the unit for sale and it will be marketed as soon as Ministerial Consent is received.
- Staff have drafted an RFP for Sale of Surplus Units to be released upon Ministerial Consent.

## Project Budget

The following table outlines the proposed project budget based on initial costing estimations and includes contingency allowances for design, construction, and soils. As indicated above in the Phase 1 - Major Tasks, the timeline for moving the project forward is tight. The project team anticipates the tender bid for construction to be within the projected budget. If this is not the case staff would report back to the board with a recommendation for approval.

<b>Kincardine Housing Build Project Budget</b>	
<b>Expenditures</b>	
<b>Construction Costs</b>	
35 Unit Apartment Building and 6,000sf Office	\$ 7,940,000
Site development, services, parking and landscaping.	\$ 1,500,000
Sustainable Design (upgrade insulation, windows and doors)	\$ 275,000
Signage and Wayfinding, including Site Sign	\$ 100,000
Inspection and Testing Allowance	\$ 80,000
Design Contingency Allowance	\$ 200,000
Construction Contingency	\$ 477,000
Abnormal Soil Conditions Allowance	\$ 100,000
Escalation to time of tender (3%/yr.) (tender assumed Sept-2019)	\$ 72,000
<b>Total Construction Expenditure</b>	<b>\$ 10,744,000</b>
<b>Soft Costs</b>	
Ancillary Costs (Design Fees, Engineering, Permits, Legal, Land Development)	\$ 600,000
Project Management (HSC)	\$ 197,547
FF&E - New office equipment allowance (including IT)	\$ 60,000
Tenant moving costs	\$ 38,250
Dwelling Unit Appliances Allowance	\$ 100,000
Laundry Room Appliances	\$ 16,000
<b>Soft Costs Expenditure</b>	<b>\$ 1,011,797</b>
<b>Total Project Expenditure</b>	<b>\$ 11,755,797</b>
HST	\$ 1,528,254
HST Rebate (86.46%)	\$ (1,321,328)
<b>Net Expenditure</b>	<b>\$ 11,962,723</b>
<b>Revenues</b>	
Provincial	\$ 1,328,230
Own Funds	\$ 200,000
Sale of Suplus Units	\$ 1,600,000
<b>Revenue</b>	<b>\$ 3,128,230</b>
<b>Net Requirement</b>	<b>\$ 8,834,493</b>

The revenues noted in the Kincardine Housing Build Project Budget are the confirmed components. The sale of the surplus units may provide additional revenue based on current

market conditions. Additionally staff are submitting applications for additional funding available through CMHC through the Co-Investment Fund.

#### **Financial/Staffing/Legal/IT Considerations:**

In consultation with the Corporate Services Finance Division external financing will need to be resourced at project completion or during the project dependent on other corporate commitments. As a reference point, Infrastructure Ontario lending rate as of January 31, 2019 for 20 Year Serial rate was 3.26% and the 25 Year Term Serial rate was 3.44% and the Construction rate as of January 31, 2019 was 2.68%. At the May 2, 2019 Corporate Services Committee, Director Cobean reported for discussion purposes that the more recent construction rate is 2.27% and that the 25 year term rate was 3.13%.

There is approximately \$200,000 in the reserve fund for the purpose of new affordable housing development. Approval has been previously granted for this reserve to cover associated costs of this project. The provincial allocation of IAH and SIF committed to this project is \$1.3 million and will be received in draws upon site preparation.

For additional requirements, the Finance staff advised the project will be financed internally, and interest expense applied, until such time that cash flow requires consideration of financing options to be evaluated and brought forward to committee.

Housing Services Corporation (HSC) is providing project management for this project with the oversight of the Housing Facilities Manager and Director of Human Services.

There are no staffing, legal or IT considerations associated with this report.

#### **Interdepartmental Consultation:**

Human Services staff have been working collaboratively with members from the teams of Planning and Development and Corporate Services both the Purchasing and Finance Divisions.

#### **Link to Strategic Goals and Elements:**

The development of new affordable housing aligns with Bruce County's Long-term Housing Strategy (2013-2023) to develop 445 new affordable units.

**Approved by:**



Murray Clarke  
Acting Chief Administrative Officer