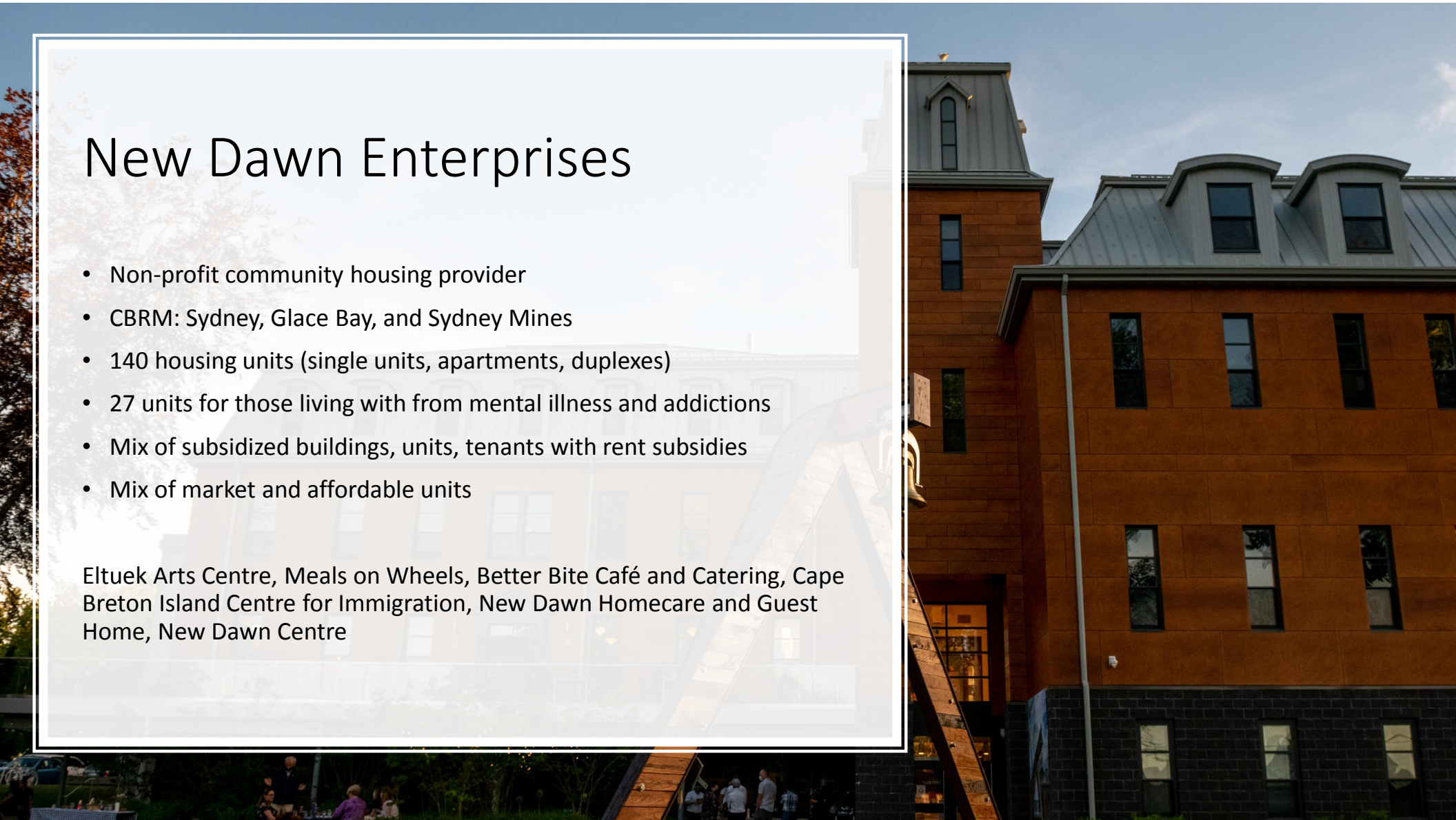
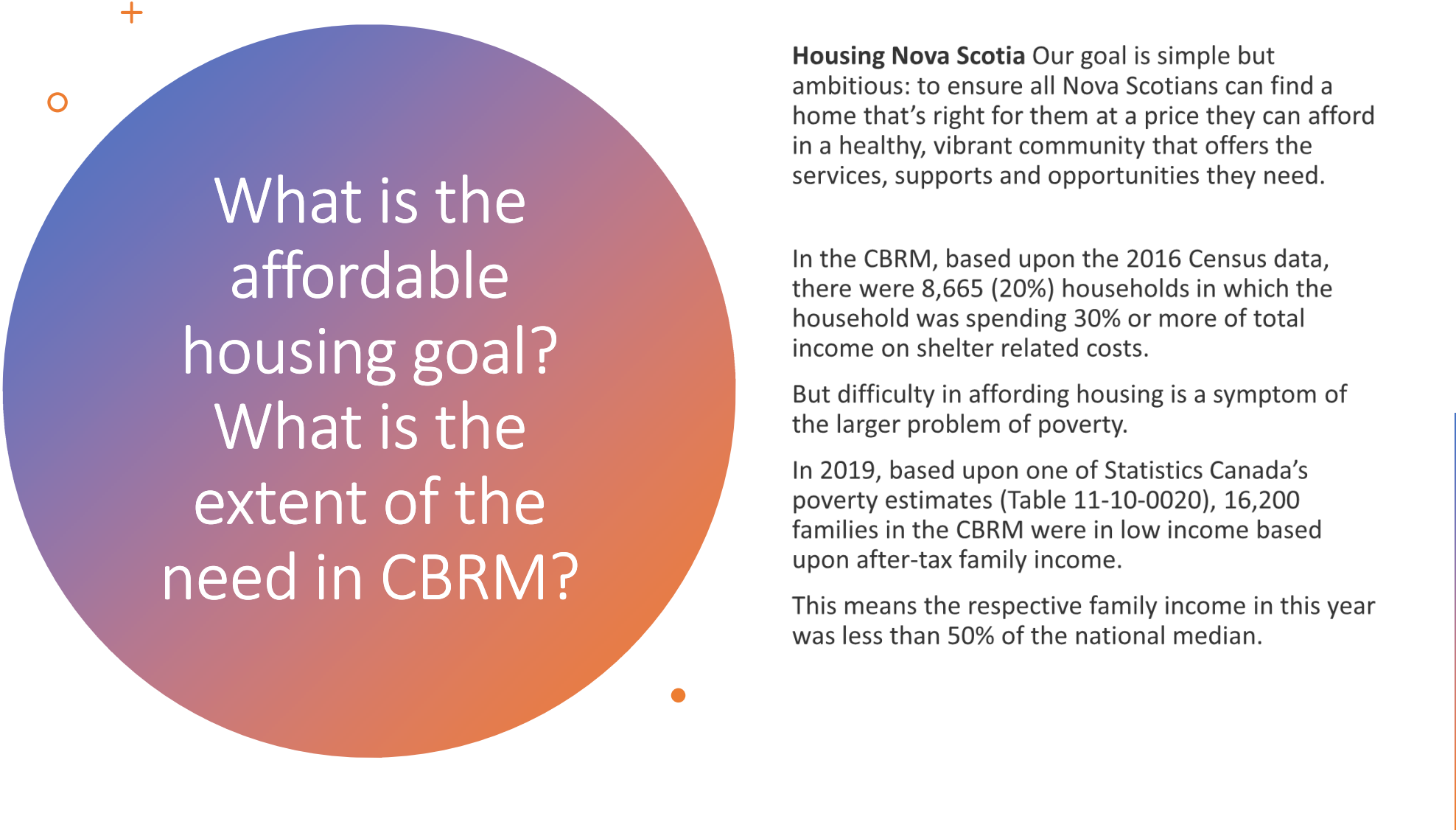


# New Dawn Enterprises

- Non-profit community housing provider
- CBRM: Sydney, Glace Bay, and Sydney Mines
- 140 housing units (single units, apartments, duplexes)
- 27 units for those living with from mental illness and addictions
- Mix of subsidized buildings, units, tenants with rent subsidies
- Mix of market and affordable units

Eltuek Arts Centre, Meals on Wheels, Better Bite Café and Catering, Cape Breton Island Centre for Immigration, New Dawn Homecare and Guest Home, New Dawn Centre





What is the  
affordable  
housing goal?  
What is the  
extent of the  
need in CBRM?

**Housing Nova Scotia** Our goal is simple but ambitious: to ensure all Nova Scotians can find a home that's right for them at a price they can afford in a healthy, vibrant community that offers the services, supports and opportunities they need.

In the CBRM, based upon the 2016 Census data, there were 8,665 (20%) households in which the household was spending 30% or more of total income on shelter related costs.

But difficulty in affording housing is a symptom of the larger problem of poverty.

In 2019, based upon one of Statistics Canada's poverty estimates (Table 11-10-0020), 16,200 families in the CBRM were in low income based upon after-tax family income.

This means the respective family income in this year was less than 50% of the national median.

# Why Should CBRM Be Involved In the Provision of Affordable Housing?

Municipal Governance Act: Purposes of a Municipality - 9A The purposes of a municipality are to (a) provide good government; (b) provide services, facilities and other things that, in the opinion of the council, are necessary or desirable for all or part of the municipality; and (c) develop and maintain safe and viable communities. 2019, c. 19, s. 2

CBRM's is a sub-arctic climate. In such a climate, housing is not a luxury; it is a necessity of life. It is difficult, if not impossible, to achieve a safe and viable community when there is a significant and enduring lack of one of the necessities of life.

While the federal and provincial governments have a formal responsibility for the provision of housing; their programs are not well suited to smaller urban or rural communities. Funds and efforts tend to be focused on large urban centres. While this needs to change, there is also a role for municipalities.

If we are to work within our existing legislative restraints and philosophies, our results will be negligible. These restraints (MGA) and philosophies (housing is a market good, housing is exclusively the responsibility of other levels of government) must be changed if we are to get a different outcome.



# Economics of Affordable Housing: Two-bedroom Unit

Typical operating costs, excluding mortgage/capital costs, are approximately \$4,200 per year. This includes wages for maintenance staff, property taxes, repairs, insurance, snow removal, and utilities.

To achieve affordability the total rent for a 2-bedroom unit would be approximately \$700 per month or \$8,000 per year.

If you require a 30-year mortgage to develop/build a unit worth \$200,000, the annual cost of the mortgage is approximately \$9,500 based upon an interest rate of 2.5%. Total annual operating costs = \$13,7000. Revenues = \$8,000.

Construction costs of a 2-bedroom unit today range from \$200,000-\$250,000.

Land costs are largely only important at the margin. Capital costs are the defining factor in the ability to develop and maintain affordable housing.

# Building Healthy Communities

**Principles:** mixed-income, dignified, thoughtful housing and site design, environmentally sustainable (limiting GHGs and energy poverty through renewables), Internet as a shared and necessary utility, on-site services/amenities

## Seton Development

- 10 affordable + 10 market units; high-quality, well-designed, dignified
- Demolition of classroom portion of high school, retaining the food bank and gymnasium, and adding in playground and public art pieces
- Gym to be retained as recreational facility for new residents and neighbouring community (operating expenses for gym worked into property operating pro forma)
- Internet infrastructure included in capital costs and internet provided as part of all-inclusive rent (re: importance of internet connectivity highlighted by COVID)
- Capital costs include solar panels for all 20 units
- Tenants pay one all-inclusive rent (heat, lights, water, and internet)





# Seton Capital Costs-Financing (Housing Only)

Residential Costs	Details	Per Duplex Cost	Solar Panels per Duplex	Total Duplex Cost	Total Cost
1-bedroom units (4: 2 duplexes)	700 SQFT	\$ 356,623.00	\$ 66,300.00	\$ 422,923.00	\$ 845,846.00
2-bedroom units (10: 5 duplexes)	800 SQFT	\$ 389,924.00	\$ 66,300.00	\$ 456,224.00	\$ 2,281,120.00
3-bedroom units (6: 3 duplexes)	950 SQFT	\$ 438,774.00	\$ 66,300.00	\$ 505,074.00	\$ 1,515,222.00
					<b>\$ 4,642,188.00*</b>

Non-repayable (50% provincial + 50% federal)	\$ 1,418,577	Housing NS, FCM (SAH), ENS New Home Rebates, CMHC Non-repayable *
CMHC Financing (45 Years at \$2.8% for 10 Years)*	\$ <b>3,223,611</b>	CMHC Financing
<b>TOTAL PROJECT COST</b>	\$ 4,642,188	

## Notes:

(1) No land costs

(2) 45-Year Mortgage

(3) Aggressive, and unconfirmed combination of all possible non-repayable funding avenues to arrive at 30% non-repayable capital.

Will take 12-18 months to compile, we will not secure everything, which will mean higher financing costs.

# Seton Operating Costs-Revenues (Housing Only)

Expense	Annual Cost
Property Tax (\$3.5M valuation at 2.5%)	\$ 87,500.00
Interest and Principal on \$3.2M at 2.8% over 45 years	\$ 153,000.00
Properties Maintenance Staff, Legal Costs, Accounting/Receivables Staff	\$ 15,000.00
Building + Liability Insurance	\$ 8,000.00
Vacancy Rate/Bad Debt (5%)	\$ 8,000.00
Deferred Funds for Long-term Maintenance/Repairs	\$ 8,000.00
Site Water (residential consumption only)	\$ 8,000.00
Landscaping/Grounds Maintenance	\$ 4,000.00
Current Repairs and Maintenance	\$ 5,000.00
Garbage, Snow Removal	\$ 3,000.00
Site Internet (residential consumption only)	\$ 3,000.00
Professional Fees (annual audit)	\$ 3,000.00
<b>TOTAL</b>	<b>\$ 306,500.00</b>

Unit	Rent	Internet	Solar	Total	Annual
1-bed A (2)	\$584	\$25	\$100	\$709	17,016
2-bed A (5)	\$650	\$25	\$125	\$800	48,000
2-bed M (7)	\$1200	\$25	\$125	\$1350	113,400
3-bed A (3)	\$880	\$25	\$150	\$1055	37,980
3-bed M (3)	\$1400	\$25	\$150	\$1575	56,700
<b>TOTAL</b>					<b>\$273,496</b>

Excess (**Deficiency**) of Revenues over Expenses  
10 Market and 10 Affordable Units:

**-\$33,004**

Excess (Deficiency) of Revenues over Expenses  
20 Market Units:

**\$33,700**

**Note:** Model uses CMHC affordability criteria: 80% of Average Market Rents. Converting to 30% of income approach would increase the operating deficit to **-\$104,752.**

# Conclusions



Current incentives are insufficient relative to the costs of building and operating new units.



Housing NS contribution/unit needs to be significantly increased (from average of \$50,000 to average of \$75,000-\$100,000/unit)



CMHC: non-repayable contribution on projects needs to be increased (from 5% to 20%) and scoring methodology needs to be revised so that it is applicable to large urban centres, mid-sized cities, and rural areas

# Cautions

Land contributions: insufficient incentive

Waiving building fees/permits: marginal cost (0.2%) of building costs

Inclusionary Zoning: part of a larger solution; rate of builds = rate of affordable units vs. scale of problem

# Recommendations

CBRM should establish a target to bring a minimum of fifty (50) new affordable units into the market in each of the next three years, through a combination of efforts and incentives.

CBRM should evaluate all properties with built residential structures that are to go through the tax sale process in terms of their potential for conversion to affordable housing units.

If they seem appropriate, they could be offered to housing organizations committed to the development of affordable units.

CBRM should allocate a minimum share of its annual capital budget (5%), which would be matched with funding from Housing Nova Scotia and CMHC to create an affordable housing fund in CBRM. This would be open to applications from organizations interested in the development of affordable housing.

The organizations would borrow from the fund on the same terms as the CBRM is able to borrow for capital projects. This would lower the costs of borrowing to build or renovate affordable units. The costs of borrowing are the largest costs associated with housing projects, followed by property taxes.