

A Strategy for Affordable Rental Seniors' Housing in Burlington

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1. Strategy and Vision

A strategy needs a vision to follow. Housing should be affordable to all residents of Burlington. There was no shortage in 2007 but we have fallen behind and now have a shortage of approximately 5,000 units (Halton SCS-1810861_Housing Report_FINAL.pdf). Assisted housing is also experiencing a shortage that hasn't changed much over the last ten years and is now at 2,000 units. The vision is to have all Burlington residents living in housing that meets the affordability criteria of Halton Region that states home ownership or rental accommodation should not exceed 30% of gross household income. Assisted housing will always be needed for those who are challenged for various reasons and their assistance is a part of the vision.

A strategy needs a plan. It will take time to get everyone into proper housing. The need varies over time due to demographics. Two major factors affecting Burlington now are the provincially mandated increase in population growth and the aging population. While the population will grow gradually over time for all age groups, the aging "Baby Boom" generation will show dramatic increases in retired persons who will need affordable, assisted and accessible housing. In 2016, 19% of Burlingtonians were age 65 and over. In the next ten years the group aged 55 to 64 (15%) will move into that category. With the predicted increase in longevity, the reduction in that sector of the population due to death will not offset the numbers going into retirement age.

An assessment of the housing needs by age is required to properly determine the type, price range and location of housing.

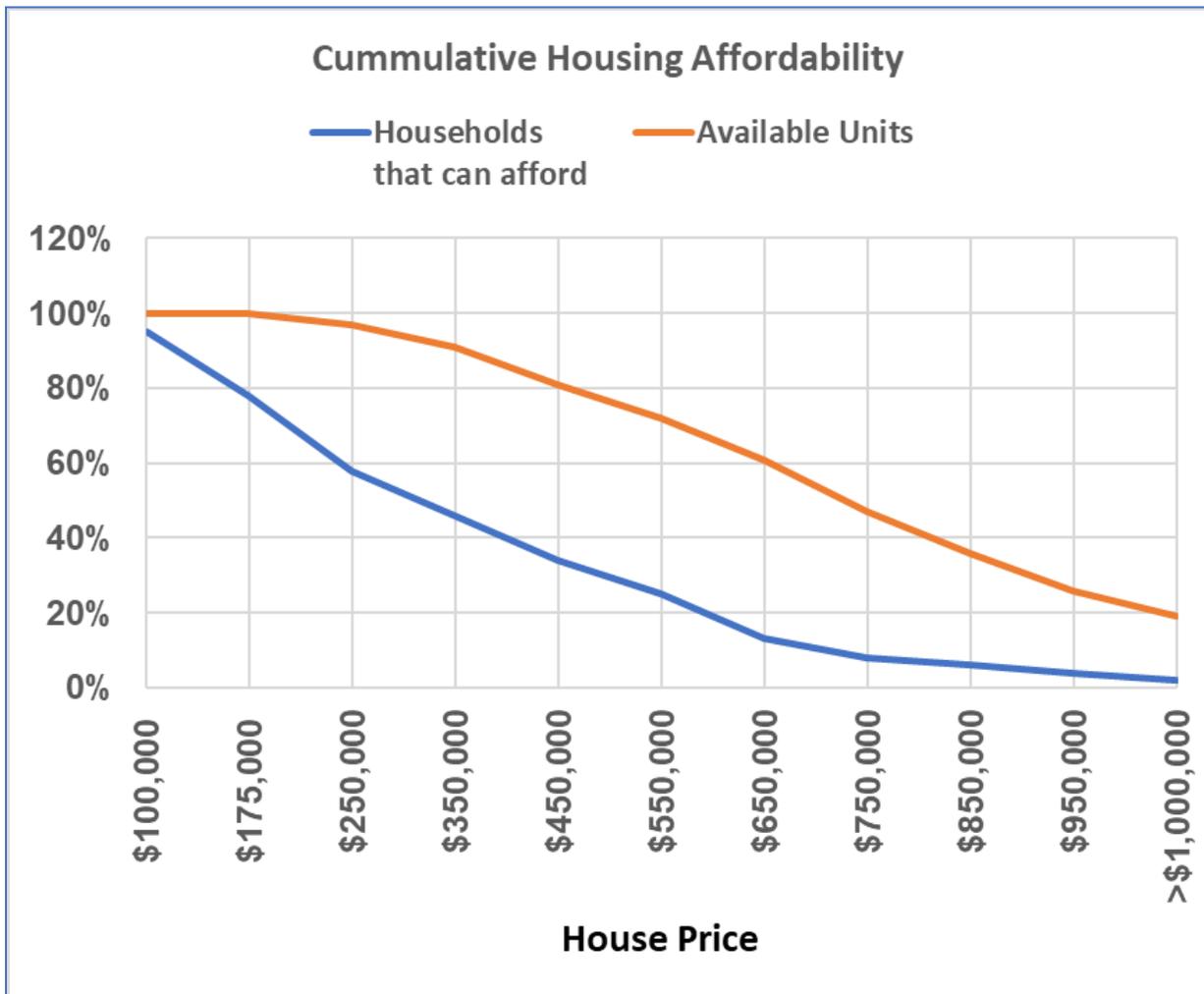
2. Housing Needs

Various options exist for accommodating those unable to afford adequate housing. Of course, Burlington has a portion of the population that have sufficient financial resources to live well in retirement. Concerns exist that they will buy up all the new condos in competition with the younger working population. This is unlikely. But we still

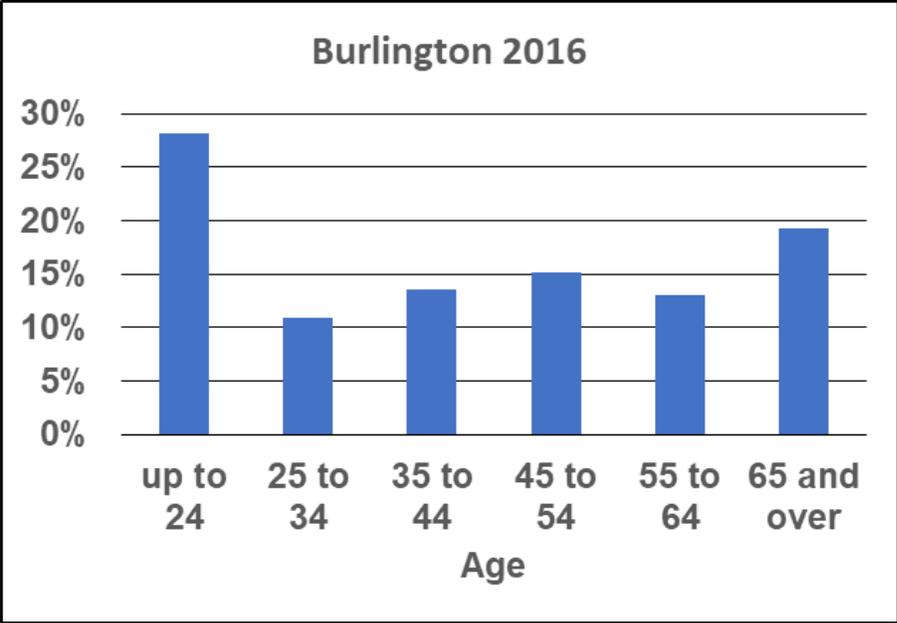
need a significant number of units in line with household income levels. As of 2017, Burlington has more housing available for purchase than can be afforded by each income range based on the 30% housing cost to income ratio as shown in the chart below.

Housing options that can be more affordable than the conventional approach exist all across Canada. Using innovative construction techniques and creative financing, affordability can be increased for 15% more owners and renters.

In Burlington, approximately half of the residents can afford to own or rent at 30% of income. The other half are able to survive by various means including receiving financial help from friends and relatives, equity buildup and spending more than 30% on accommodation by cutting back on other essentials. Studies are now showing how many spend more than 50% on housing as if this will be the new norm.



Planning for the future needs to look at the changing age demographics as well as other factors such as occupants per unit, transportation needs, park/green space availability and shopping requirements. The current age distribution in Burlington is given below.



The distribution of income versus age is shown below for Ontario.

Ontario Average Income vs Age	
Age	Income
16 to 24	\$16,800
25 to 54	\$54,300
55 to 64	\$51,300
65 and over	\$38,900

This indicates that the age group most likely to need affordable housing, second to the youngest workers is seniors. With an average income of \$38,900, an individual can only afford a property of about \$200,000. For a couple it would be \$400,000. This range is where the biggest gap exists. Equivalent rental would be \$1,000 to \$2,000 a month.

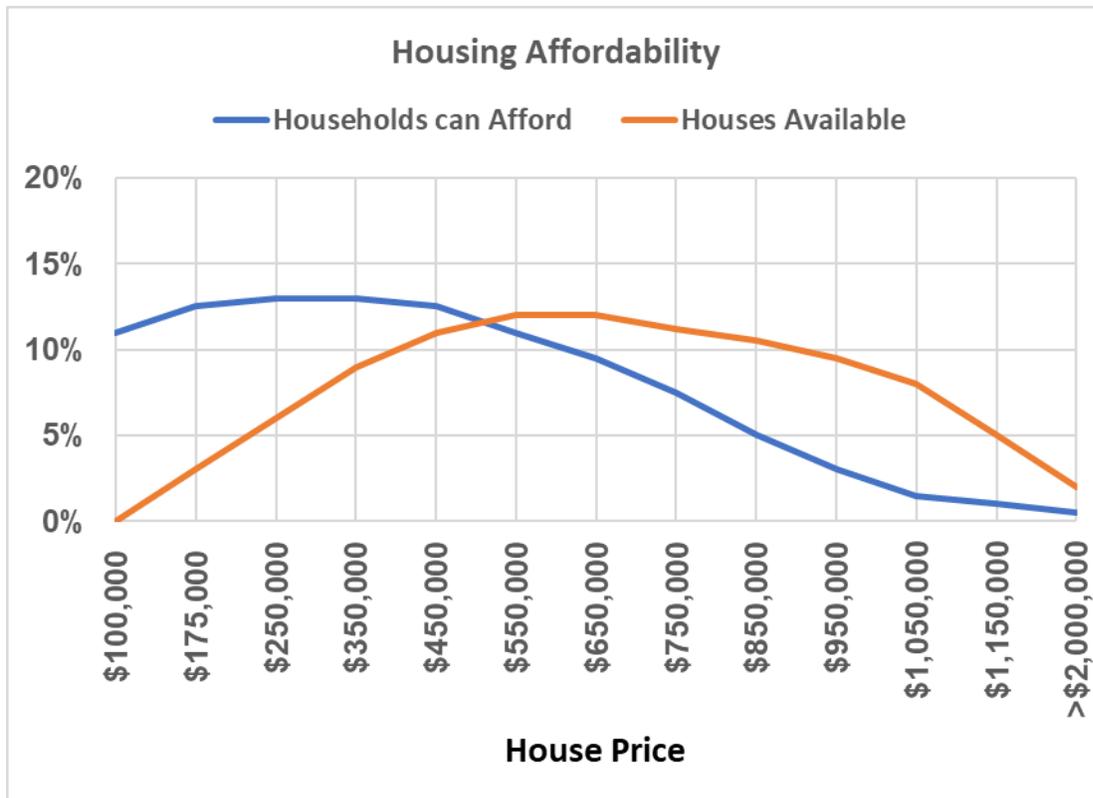
3. Housing for Seniors

Housing for seniors may not be much different than for other age groups. Studies have shown that integrating all age groups can be socially beneficial. But lifestyle differences need to be carefully considered. Housing units that suit singles and couples can accommodate seniors as well as other age groups. Providing three bedroom units is not a priority and keeps costs down. Amenities should be designed to serve a diverse demographic.

Current and conventional building techniques result in expensive accommodation. A number of more affordable approaches exist across Canada. They use innovative construction techniques combined with creative financing. This can range from multi unit fourplexes selling for about \$450,000 and requiring a household income of \$91,000 to a

bachelor unit apartment building renting for \$500 per month and an annual income of \$20,000. Most of the buildings are net zero and/or carbon neutral.

Assuming the age demographic does not shift dramatically apart from the Baby Boom generation, there will be an ongoing need to provide housing at various price points suited to income level. Referring to the chart below, about half of the population are getting by living in housing that exceeds that affordability criteria for reasons that have been mentioned. There is sufficient housing stock to accommodate them. This leaves a deficiency of housing for those with household incomes under about \$100,000.



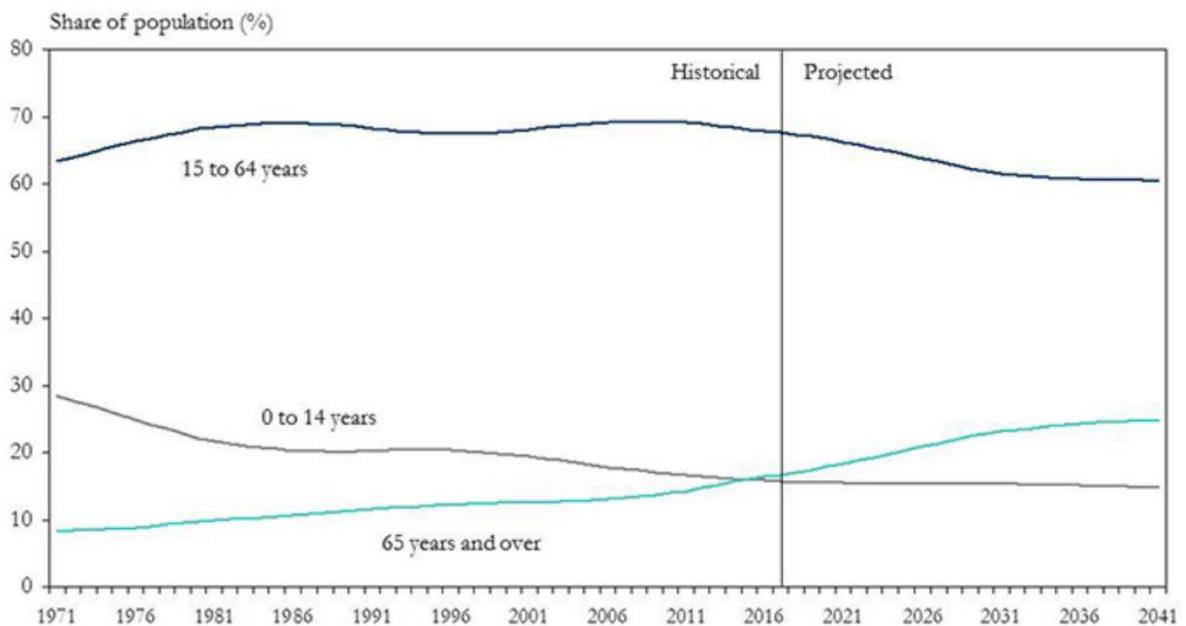
The population can be roughly grouped into 5 categories of 10% each at house price ranges from \$100,000 to \$500,000. An equivalent rental structure can also be developed. A blended grouping of rental and purchase housing would be best where the rental units suit the lower income group. Roughly 1,400 housing units are needed now in each of the price ranges to relieve the current shortfall of 7,000 units. The household income levels needed for the housing groups are shown below. For purchase of property, the portion needed of the total 30% for all housing costs is 25%. For rentals, it is assumed all costs including utilities are included in the monthly rent.

Gross Household Income (GHI)	Households	Purchase at 25% GHI	Rent at 30% GHI	No. of Units Needed
\$15,000	5%	\$73,650	\$375	889

\$30,000	11%	\$147,300	\$750	2512
\$50,000	13%	\$245,500	\$1,250	2123
\$70,000	13%	\$343,700	\$1,750	1202
\$90,000	12%	\$441,900	\$2,250	179
\$113,000	12%	\$554,830	\$2,825	300
			Total	7205

Going forward, the shift in demographics will require housing to accommodate more people. There will be a shift to more seniors.

Proportion of population aged 0–14, 15–64 and 65+ in Ontario, 1971 to 2041



Sources: Statistics Canada, 1971–2017, and Ontario Ministry of Finance projections.

Because the senior population is growing and has the second lowest income level, new housing should be focused on their needs. It can be adapted in the future to suit other demographics.

A range of affordable housing oriented to seniors in their income range is needed. This would start at \$55,000, the estimated average of age 65 persons based on the Ontario average, and reduce to the lowest market rent that could be offered. As discussed below, the lowest cost housing would be approximately \$500 monthly rent and require an income of \$20,000. For people below this threshold, assisted housing programs would be needed.

There are currently 35,000 people living in Burlington over age 65. The number in need of affordable housing is not readily available but if the regional shortfall is 15% and

applied to seniors, the number of housing units would be 5,250 individuals and 2,625 for couples.

4. Housing Types

The housing types can vary from new build apartments to shared accommodation.

New buildings are typically multiple unit construction because they are less costly to construct. Combined with lower cost land, they can be affordable without government subsidies. As mentioned earlier, creative examples of lower cost housing exist all across Canada. Appendix 1 provides a summary.

In order to provide an initial stock of affordable housing units for seniors in Burlington, it is recommended that an apartment building format be used with one and two bedroom units. To maintain affordability, the building can be developed on municipal land under a land lease agreement or on private land owned by a religious organization. In addition, zoning amendments may be required to incorporate residential and some commercial occupancy. The City of Burlington sees mixed use development as one solution to intensification.

5. Example for Burlington

An example of how this could work is given below.

Various properties zoned for churches exist in Burlington. Most are built on with a building and parking lot. Those at the end of their useful life span would be candidates for redevelopment. With rezoning to permit residential and limited commercial, these sites can be ideal candidates for affordable housing.

One property currently has a large portion of the site as open space and could accommodate a building.

For comparison purposes, a conventional construction approach has been compared to an innovative one. It involves an approach similar to Karen's Place in Ottawa.

Details:

- 4 storey building with 42 bachelor apartments
- 3034 m² (32,700 ft²) gross floor area
- \$489 monthly including utilities
- Costs \$30 a year per unit to heat
- Cost \$1.9 million to build, as estimated 6-9% more expensive than similar building to code, \$45,240 per unit. Approx. \$58/s.f.

Item	Market	%	Karen's	%
Apt. Size	Bach		Bach	
Rent	\$900	98%	\$489	99%
Utilities	\$15	2%	incl.	
Insurance	\$5	1%	\$5	1%
Parking	-		-	
Total Monthly	\$920	100%	\$494	100%
Household Income	\$36,800		\$19,760	
Housing/Income Ratio	30%		30%	
Rent/Income Ratio	29%		30%	

The Karen's alternative is 46% less costly which means about 13% more residents can rent a bachelor apartment.

Looking at potential sites in Burlington, an analysis was conducted as a hypothetical example.

Site Area	200,000 s.f.
Lot coverage	35%, 70,000 sf
Floor Area Ratio	3:1
Height	3 storeys
Gross Floor Area	210,000 sf
Parking	50 surface
Unit Type	1 and 2 bedroom
Unit Count	175
Avg. Unit Size	800 sf
Building Cost	\$30 million
Grants	
Development Fees	\$100,000
Annual Operation	\$420,000
Annual Financing	\$616,000
Avg. Monthly Rent	\$700

6. Proposed Strategy

The proposed strategy consists of forming a working group of stakeholders and developing a terms of reference and action plan which will carry out the following:

- a) Review the need for affordable housing for seniors in Burlington and confirm the most effective type of housing to start. Prepare a list of evaluation criteria.

- b) Search for sites that are appropriate and identify constraints and limitations such as zoning and cost.
- c) Evaluate the candidates against the criteria and determine solutions for each site to meet the criteria.
- d) Conduct a benefit/cost analysis for each candidate site.
- e) Select a site and proceed with an initial feasibility study.
- f) Assemble appropriate parties to provide financing, marketing and construction.
- g) Apply for rezoning, approvals and building permit.
- h) Construct building and move in occupants.

APPENDIX 1

Creative Solutions for Affordable Housing

All across Canada, organizations are coming up with creative solutions for affordable housing. Burlington can provide affordable housing for seniors for \$500 to \$1500 per month with utilities.

The key to making housing affordable is not to build smaller units but to be creative in the construction and financing of standard housing. Across Canada and the world, many solutions are available. Ottawa, Hamilton, Woodstock, London, Edmonton, Toronto and Habitat for Humanity in Burlington and other GTA municipalities are only some of them. Rental units can be as low as \$500 per month including utilities. They include lower cost construction through approaches like Net Zero, Passive Haus, LEED for Homes, EnergyStar, Energuide, along with unique construction techniques where energy efficiency is improved, usually along with carbon, waste and toxin reductions.

Accompanying this are financing options that reduce monthly costs through creative approaches. For example, Habitat for Humanity gives interest free mortgages geared to income with the purchasers participating in the construction of the home. Options for Homes asks for only 5% down payment and requires no payment of the added down payment loan until you sell.

The end result is that housing is built at no more than a slight cost premium but with dramatic reduction in operation costs. Typically, the extra costs are no more than 5% with normal land purchase but if a school or church is permitted to build housing along with some retail and office space, the final costs can be much lower than the typical private developer approach. Recent solutions such as Toronto giving land leases for municipal land is another option. The operating cost savings can be up to 90%. This reduces the typical housing costs for a two storey 1500 square foot home in Southern Ontario. Now a \$400,000 purchase price plus \$9,000 in annual operating costs or \$2250 per month requires a household income of $3 \times \$27,000 = \$81,000$. In Burlington, where the average house price is \$750,000, the annual household income has to be \$135,000.

Affordable housing using the models mentioned can reduce capital financing by 60% and operating costs by 1/3 resulting in an annual household income of \$40,000 on average in Southern Ontario and \$60,000 in Burlington.

Burlington has a shortage of over 5000 affordable housing units and only 500 are being built per year. One solution is for the City to provide a site and call for proposals from the private sector to build and finance construction that results in purchase or rent that is affordable.

But for the existing housing stock, opportunities exist to convert single family homes to semi-detached or possibly triplexes. The proposed Official Plan encourages redevelopment using accessory dwelling units that tend to be separate structures from the existing building. This can create negative impacts on the property such as loss of trees to provide the new structure and parking requirements to be met.

Renovation of an existing home can be done within the current footprint and may require additional parking space on porous driveways unless the requirements are relaxed, especially on public transit lines. The popular idea of providing basement apartments is not ideal as these are seldom done to code and putting people in basements exposes them to risk of flood damage. Separating horizontally and building another floor on top can be a better solution. One creative approach can involve a single owner occupant offering conversion of the building while continuing to live in one of the smaller new units. In effect, the property is obtained for free in return for compensation when the owner decides to move. Using smart building techniques results in the new structure having much lower operating costs. Combined with innovative financing including occupant sweat equity and donations of product and labour, the end result is affordable housing.

References

1. Passive-house buildings

- Relying on insulation, ventilation and heat from their occupants or sun falling on them to maintain the perfect temperature
- Mostly single-family dwellings but now being used for big apartments
- Examples:
 - i. **Karen's Place** - Ottawa, Ontario (also known as "**Salus Clementine**" – they provide tours to developers, many in private sector)
<https://www.cbc.ca/news/technology/passive-house-affordable-housing-1.4432331>
 1. 4 story building w/ 42 bachelor apartments
 2. 3034 m² (32,700 ft.²) gross floor area
 3. \$489 monthly including utilities
 4. Costs \$30 a year per unit to heat
 5. Cost \$1.9 million to build, as estimated 6-9% more expensive than similar building to code, \$45,240 per unit. Approx. \$58/s.f.
 - ii. **Indwell**, a Christian Charity – Hamilton, Ontario
 1. 2 buildings with 50 apartments for people with mental illness or other disabilities
 2. one also includes a church and community space
 - iii. **Blossom Park** – Woodstock, Ontario
 1. 26-bedroom residential care facility
 2. 34 supportive-housing apartments for people with mental and physical disabilities
 3. On par with traditional building costs, \$2.2 million, \$63,000 per unit

iii **13 Sanders Street**, Tillsonburg, Ontario Seniors Residence

1. 16-unit, single bedroom 525 sf
2. \$1.1 million, \$69,000 per unit

iv 45 Delatre Street, Woodstock, Ontario Apartment

1. 34-unit, 22 affordable rental
2. \$1.9 million, \$56,000 per unit

2. Net-zero townhouse developments

- No furnaces and no gas-line to the entire site.
- All of the heat and most of the hot water is provided by geothermal and all of the electricity is provided by solar panels on the roof.
- R40 walls, high quality windows, thermal bridge free
- Insulation under the slab and R80 in the attic
- Twice as energy efficient as a typical code-built building
- Examples:
 - i. **The Presbyterian Church in Canada** working with Right At Home Housing Society - North Glenora, West Edmonton.
<https://www.theglobeandmail.com/real-estate/calgary-and-edmonton/church-land-redeveloped-as-net-zero-homes-for-refugeefamilies/article37196392/>
 1. Replaced an aging building with sustainable housing for sixteen families
 2. Cost \$4.5-million to build while the church and the daycare cost \$1.5-million. \$280,000 per unit.
 3. The additional cost to make the original design net zero was in the region of 5 per cent.
 4. Savings will be passed on to residents through Right at Home's utilities-included housing charge
 5. Estimated net utilities over the year will be "next to nothing."
 - ii West 5, London Ontario with no natural gas lines, commercial and residential development

3. Innovative Construction

- Icon, Texas makes 650 square foot concrete homes using 3D printing for \$4000 targeted for hurricane prone areas such as Ecuador. <https://www.ctvnews.ca/mobile/sci-tech/startup-to-make-3d-printed-concrete-homes-for-us-4-000-1.3869268>
- Auburn University Rural Studio builds simple homes in Alabama for \$20,000 in three weeks. https://www.greenbuildingadvisor.com/article/scaling-up-a-model-for-affordable-housing?source=w20005en&tp=i-H43-BC-A2v-Uvpmv-1o-3uuH-1c-Uvoof-JRTPc&sourcekey=w20005en&utm_campaign=green-building-advisor-eletter&utm_source=eletter&utm_medium=eletter&utm_content=gba_eletter&cid=38621&mid=457073853

4. Non-Profits Helping with Down Payment Support

- Assists with financial support to help make home ownership more affordable

- Example:
 - i. **Options For Homes** – a social enterprise with a mission to help as many people as possible achieve their dream of homeownership.
https://www.optionsforhomes.ca/#about_us
 1. Operates as a non-profit, developing the lowest-priced condominiums in the GTA by passing along cost-savings and offering down payment support.
 2. 14 condos in GTA under development
 3. Partner with Delterra to do construction
 4. Down Payment Loan that is interest-free and payment-free until you sell or move. All you need is 5% towards your down payment and they boost it up by 10-15%.
 5. Options gets paid back with a portion of the appreciation equivalent to the outstanding balance of your loan.
 6. First time buyers are often able to get extra help, up to an additional \$25,000 to further boost the down payment

4. Habitat For Humanity

- Builds homes for qualified low income purchasers that are less costly due to volunteers and donors
- Example:
 1. Burlington 3 single family homes, high rise units on Appleby Line and townhouse developments on Plains Road and Queensway Drive
 2. Purchasers are evaluated on level of need, willingness to become partners in the program and ability to repay the no down payment, interest-free mortgage that is geared to income

5. Cooperative Housing

- Mostly popular outside of Central Canada, coops have been helping homeowners through group ownership where all costs and profits are equally shared. Ontario has several of these but with the cancellation of funding several years ago, their popularity has declined.

6. Other Options

- A buyer could purchase a unit, throw up a wall, live in one side and rent out the other for extra income. Later, the owner could knock down that wall and open up the space for a growing family. James Street North at Ferrie Street East, Hamilton.
<https://www.thespec.com/news-story/8037370-james-north-condo-aims-to-be-model-for-affordability/>
- Standard builders can ask workers and suppliers to donate 10% of their time or product to reduce the capital cost of construction
- Students and young workers can rent vacant rooms in large seniors' homes and help with chores as well as providing companionship
<https://www.theglobeandmail.com/canada/article-seniors-have-too-much-house-millennials-have-none-and-a-business/>
- Grants and incentives are available from various sources to assist in reducing capital cost especially when sustainable development measures are used

- Example:
 1. FCM Grants/Loans up to \$10 million
 2. The Atmospheric Fund grants for retrofits to social housing that reduce carbon emissions