

# Sunnyhill Redevelopment Update



April 14, 2021

BOUNDARY DESIGN

Review of feasibility assessment

Next steps direction (slide 16 questions)

# Agenda

Design Refresher

Sustainability

Housing Need

Site Evaluation

Appraisal

Engagement

Financial Analysis

Land Negotiation

Questions

Next Steps

# Regenerate 62 Units



- FCM & CMHC Funding
- Energy Efficiency Improvements
  - Target: 25% lower energy consumption
  - Target: 20% accessible units
- Secondary Sustainability Elements
  - Materials lifecycle, procurement
  - Indoor Air Quality
  - Building Durability
- Community Benefits

BOUNDARY DESIGN

## 15 New Age-in-Place Units



- FCM & CMHC Funding
- 100% accessible
- Net-Zero
- Solar ready - rooftop
- Membership Indoor Space
- Common Outdoor Space
- Partnership Opportunities

BOUNDARY DESIGN

## Sustainability

<h3 style="color: #FFD700;">Regeneration Units</h3> <ul style="list-style-type: none"> <li>• Upgraded exterior insulation</li> <li>• Siding, roofing, windows, doors</li> <li>• Improved air sealing</li> <li>• Modulating furnace w/HRV</li> <li>• Power-vented DHW</li> <li>• <b>38% reduced energy consumption</b></li> </ul>	<h3 style="color: #FFD700;">New Units</h3> <ul style="list-style-type: none"> <li>• Net Zero – passive house level targets</li> <li style="padding-left: 20px;">TEDI 15 kWh/m<sup>2</sup></li> <li style="padding-left: 20px;">TEUI 80 kWh/m<sup>2</sup> (before renewables)</li> <li>• Air-source Heat Pump</li> <li>• Electric baseboard backup</li> <li>• Power-vented DHW vs. Water-source Heat Pump</li> <li>• Roof-mounted solar</li> <li>• <b>35 GJ surplus energy generated annually</b></li> </ul>
--	---

BOUNDARY DESIGN

Added upgraded HVAC & mechanical to early recommendations

Attempt to use same systems (heat, ventilation, domestic hot water (DHW)) for both the regeneration and new units

Ease of operation, maintenance for volunteer program

New sustainability targets – before introducing renewables

TEUI – Total Energy Use Intensity – function of consumption efficiency


TEDI – Thermal Energy Demand Intensity – function of heat retention, air leakage

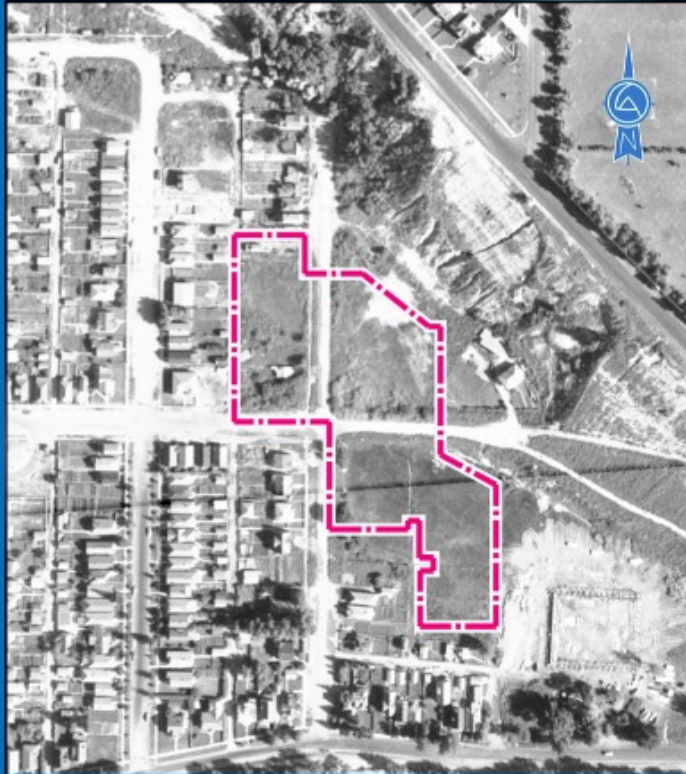
All systems require a backup

Use existing ducting/infrastructure

Solar options – roof mounted, wall mounted, ground installation

# Housing Need

- Area of study included Sunnyside, Rosedale, Crescent Heights, Renfrew
- Significant rental rate increases over time
- Number of 3-bed units has not changed over 10 years, 2% of rental market vs 8% city-wide
- Seniors numbers consistent over 15 years, but an  proportion in Core Housing Need (CNIT)
- Doubling of people with activity limitations
- Urgent need for additional affordable & accessible units to meet both emerging needs



## Site Evaluation

- **Geotechnical**  
no major issues, five test-pits to confirm soil makeup
- **Phase 1 ESA**  
no environmental concerns
- **Survey, Geodetics**  
minimum ground floor height satisfied for new units

BOUNDARY DESIGN

Sunnyhill circa 1953 - farmland

# Appraisal

## Existing Buildings

2.6M

39,000/unit – (66)

## Encumbered Land

7.9M

120,000/unit - current

103,000/unit - proposed

## Unencumbered Land

19.6M

297,000/unit

255,000/unit

Typical Affordable Land Value is \$25,000/unit

Pro Forma analysis suggests Sunnyhill could service 7.3M land valuation

BOUNDARY DESIGN

City required land valuation is 10x greater than affordable housing projects can typically cover

3x greater than Sunnyhill can support from a Pro Forma evaluation



## Engagement

• Sunnyhill membership (design)	5
• Sunnyhill Planning & Development	20
• Funders (CMHC, FCM)	14
• City of Calgary - Affordable Housing/REDS	11
• Non-profit providers	2
• Councillor Druh Farrell	2
• Community Association	tbd
• Sunnyside School	tbd

BOUNDARY DESIGN

Sunnyside Community Association and Sunnyhill School to be picked up during design development phase

# Financial Analysis

## Regeneration Units

- \$4.6M
- Includes 7.0% Contingency (Design & Pricing)
- Includes 5% Escalation Contingency

## New Units

- \$7.0M
- Includes 7.5% Design & Pricing Contingency
- Includes 5% Escalation Contingency

## Total Development Budget

\$11.6M + \$7.3M (land) = \$18.9M

Debt Coverage Ratio = 1.10

BOUNDARY DESIGN

Debt coverage ratio (projected revenues less expenses) of greater than 1 is a requirement. 1.10 allows the build up of a long-term capital improvement fund while still maintaining a 5% safety margin

Additional contingency has been included to address uncertainty

# Land Negotiation

## Original Negotiation

- Target CHC/CMHC mixed-income model
- CNIT, RGI, Market Rents (housing charges)
- Pro Forma based valuation

## Land Disbursement Process

(competitive bid process)

## Current Negotiation

- Unencumbered Land Value \$20.5M (\$266,000/unit)
- Maximum \$50,000/unit discount (City investment)
- Discount of 3.85M

Discounted valuation 16.7M

BOUNDARY DESIGN

City has moved completely away from the original joint-valuation effort that was to be based upon a viable pro forma.

City is not valuing triple bottom line contributions when determining land value

City defines Market Value as unencumbered land value, which is not consistent with the industry. But it is consistent with the Option to Purchase clause in Sunnyhill's lease

# Housing Charges vs. Funder Targets

CALGARY HOUSING/CMHC MAXIMUM INCOME LEVELS				
UNIT TYPE	TOTAL UNITS	MAXIMUM INCOME LIMIT	AFFORDABLE	% AFFORDABLE
1	8	71000	7	
2	26	81000	21	
3	32	89500	22	
<b>TOTAL</b>	66		50	76%

AB GOVT 2019 CORE HOUSING MAXIMUM INCOME LEVELS				
UNIT TYPE	TOTAL UNITS	MAXIMUM INCOME LIMIT	AFFORDABLE	% AFFORDABLE
1	8	38000	4	
2	26	43000	14	
3	32	62500	13	
<b>TOTAL</b>	66		31	47%

BOUNDARY DESIGN

Once the new 15 units are added, the percentage satisfying CHC/CMHC requirements would be 84% under this model

Those satisfying the CNIT model would be 58% at CNIT rate (remarkable for an organization without operational subsidies)

Housing Charges are a bit all over the place, but taken together, they represent roughly the same percentages – about 75% satisfy the CHC/CMHC limits of a maximum 30% of income

CNIT	CMHC/CHC	Attainable Calgary
100% CNIT Incomes	Mixed-Income Model	LEM Incomes
100% Rents @ 30%	30% rents @ 30%	Ownership Model
Subsidized Operations	Subsidies Ending	Subsidized down-payments
Discounted Land	Discounted Land	Discounted Land

**Sunnyhill Model**

- \$ 47% CNIT Incomes
- Housing Surcharge subsidizes lower income members
- Volunteers operate & maintain (very low operating costs)
- Provide complete community experience for members

BOUNDARY DESIGN

Three existing income/rent models that receive land a book value

# Lease Extension

## City Provides

- Target housing charges (CNIT, RGI, Market)
- Project partner (land)
- Market lease rate
- Discounted rate options

## Sunnyhill Provides

- FCM/CMHC lease approvals
- Pro Forma based lease support
- FCM – amortization vs lease period options

Option to move forward under current lease

BOUNDARY DESIGN

If a land purchase isn't viable, what other options are there to move forward

# Questions

1. HVAC/Mechanical Options – move off natural gas vs. carbon emissions
2. Land purchase vs. Lease extension vs. Current Lease option
3. Income levels, housing charges

BOUNDARY DESIGN

Questions from the membership

Questions the project team could use help with