



	REPORT No.: 2019-54
MEETING DATE: NOVEMBER 21, 2019	DATE PREPARED: NOVEMBER 4, 2019
SUBJECT: BERTRAND COURT REGENERATION STRATEGY UPDATE	

RECOMMENDATION

THAT with respect to Report No. 2019-54 (Housing Services Division) we, The District of Thunder Bay Social Services Administration Board (the Board), accept and approve the development direction for the Bertrand Court property;

AND THAT the Board direct Administration to continue with the regeneration plan, including the development of a final budget, funding and finance options and a construction tender plan for the Bertrand Court property and provide reports to the Board as appropriate.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with an update on the Bertrand Court regeneration strategy and identify proposed development plans and actions.

BACKGROUND

In September of 2012, the Board approved a contract with Stantec Consulting Ltd. to undertake an update of the Building Condition Assessments (BCA) for TBDSSAB properties and for properties owned and operated by non-profit housing providers.

At the June 26, 2014 Board Meeting, the Board was presented with a First Report (Report No. 2014-37) outlining the proposed capital investment required to maintain the current TBDSSAB housing portfolio over the next 30 years. Also included in this Report was the commitment to individually review the future viability of each property to determine the cost effectiveness of maintaining each property and if certain properties could be better utilized through further investment, redevelopment or devolution.

At the February 26, 2015 Board Meeting, the Board was presented with information (Report No. 2015-18) outlining possible options to pursue relative to the continued capital investment and maintenance of each property in the portfolio. Properties were ranked using the Facility Condition Index (FCI) rating tool and recommendations were made to

reduce ongoing investment in properties where the FCI rating was higher than an acceptable level. With this recommendation approved, a review of options available for these specific properties was undertaken.

At the September 23, 2015 Board Meeting, the Board was presented with options (Report No. 2015-63) regarding future plans for the TBDSSAB property portfolio. The Board approved a resolution (Resolution No. 15/100) to pursue the possible sale of properties with high FCI ratings and operational costs and to use proceeds for reinvestment into existing or new housing units. There was also approval to sell certain family-style units within the portfolio to generate funds for reinvestment into high demand housing units. Specific properties were identified for review.

At the February 7, 2016 Board Meeting, the Board was presented with a formal plan (Report No. 2016-16) for the dispossession of certain TBDSSAB properties identifying multiple phases including obtaining Ministerial Consent, valuing and marketing the properties and investing in new and/or renovated housing. From this Report, the Board authorized Administration to seek the required Ministerial Consent for the removal of these properties from TBDSSAB's portfolio.

In May of 2016 an application seeking Ministerial Consent for the dispossession or redevelopment of TBDSSAB properties was prepared. The process involved providing a business case for review and addressing factors such as community need, efficiencies in operations, rationale for future direction and possible mitigation strategies should challenges arise. With legislative changes that came into effect January 1, 2017, TBDSSAB as the Service Manager may now approve the sale of its social housing properties without the Ministry's involvement, if it deems it is beneficial to do so.

At the February 23, 2017 Board Meeting, Administration presented a report (Report No. 2017-07) that recommended a consultant be engaged to determine the current market value of the Bertrand Court property and the 'best use' of the property. Housing Services Corporation (HSC) was the successful proponent for this project and studied the property.

HSC prepared a report on the Highest and Best Use of the Bertrand Court property. Results of this review indicate that the Highest and Best Use for the Bertrand Court property is for TBDSSAB to retain ownership and to embark upon an incremental regeneration of this site.

At the July 18, 2019 Board Meeting, the Board received a report (Report No. 2019-33) and passed a resolution (Resolution No. 19/73) approving the development direction for Bertrand Court, recommending that an architect be engaged to prepare a plan for the regeneration opportunities for this property and to present the details at the September 26, 2019 Board Meeting. With the need for more time to fully identify and review potential development options, it was agreed to present the details at the November 2019 Board meeting.

COMMENTS

Since the July 18, 2019 Board Meeting, several meetings have taken place with Brook McIlroy Inc., one of the architects selected through the public contract process. From these meetings, details regarding the best use of the property, construction models and costing, and a review of size and composition were discussed. Brook McIlroy was directed to review all options available for the site and to make recommendations on the regeneration plan for the property, with associated cost estimates.

Following reviews of the property, current zoning, and community development trends, it is proposed that the best fit for the first phase of regeneration is to construct a 4 story, 43 to 59 unit building that incorporates 1, 2 and 3-bedroom units and follows a mixed-income tenancy plan. This first phase would displace one of the four existing single-story buildings on the property.

To begin, a review of structural design considerations was undertaken, and included looking at options for wood-frame construction, mass timber construction and structural steel frame construction. Based on the advantages and disadvantages of each, it is recommended to utilize a shallow, cast in place concrete foundation, with a wood framed structure for the new four-story apartment building. This structure option would maximize the construction cost and time efficiencies, and reduce concerns related to construction costs for the building. However, mass timber elements may be included into the structure and exposed at select locations for points of interest, if desired.

Following the structural recommendation, a review of the possible mechanical systems was undertaken, including options for the heating and ventilation system. Systems under consideration included electric resistance heating, self-contained in-unit systems (Magic Paks), water source heat pumps and hydronic heating and cooling. Based on the review of advantages and disadvantages of each, it is recommended to pursue a hydronic system, including radiant in-floor heating paired with a heat recovery chiller. This option would also incorporate the ability to include air cooling as well as heat. This system has a higher initial cost, but provides for greater long-term energy efficiency, optimal occupant comfort, and requires minimal maintenance, all of which are attractive rental features for both tenants and landlords.

The electrical system design was also reviewed, including power distribution, metering systems, life safety and security systems, interior and exterior lighting, in-suite communications systems and a photovoltaic energy system. Specific options were provided for the design and structure of each system, and preliminary decisions were made to maximize the efficiency of power usage and the comfort and safety of the tenants. It was determined that a photovoltaic system was not practical for this project, due to the relatively long return on investment of approximately 27 years based on current costs and energy production income rates.

With this preliminary design and system proposal, it is estimated that the cost of construction for the project would be between \$7.6 million and \$10.2 million. There are additional costs for site preparation and final landscaping, as well as cost escalation and contingency factors that could result in an overall cost of approximately \$9.3 million to

\$12 million. This cost is offset somewhat by the estimated \$1.7 million in capital repairs required over the next 25 years for the existing Bertrand Court building, as projected in the Building Condition Assessment report. It is proposed that the building would generate rental revenue equal to the annual capital and operating expenses.

FINANCIAL IMPLICATIONS



There are no direct financial implications at this time. However, once final detail and costing for the proposal is complete, the Board will review and determine the best course of action with the project.

CONCLUSION

It is concluded this report provides the Board with updated information with respect to TBDSSAB’s strategy regarding the Bertrand Court property in Thunder Bay and outlines recommendations for the Bertrand Court property regeneration and further development direction.

REFERENCE MATERIALS ATTACHED

None

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