

Summary of Findings – Riley Park Place

About the building:

- 4 stories
- 24 units total
 - o 15 Two Bedroom
 - o 8 One Bedroom
 - o 1 Bachelor
- Has original elevator
- Full market with mix of families, singles, roommates, working in and around the community
- Views of Riley Park
- Corner site in Sunnyside

Fit with NHA's Priorities:

- ✓ Suite Mix
- ✓ Accessibility Features – has elevator but no accessible units and ramps with automatic entrances would be required to improve accessibility
- ✓ Location & Proximity to Existing
- ✓ Price is within our budget – due to location it is more expensive than other areas
- ✓ No major structural/environmental deficiencies

Exterior Condition/Findings & Summary of Improvements:

- No major work has been assumed on the exterior since original construction
- Original windows and doors
- Missing or deteriorated mortar between the brick
- Balconies and railings are showing age with some deterioration but not structural
- Concrete and asphalt elements in common areas showing signs of sinking and deterioration due to age
- Porch at entrance – added to building post construction and has settled causing a slope towards the building which has resulted in water getting into the first part of the lobby entrance
- Soft spot on roof but no sign that water is entering – could be further investigated

Interior Condition/Findings & Summary of Improvements:

- Most of the interior work has focused on some minor cosmetic upgrades within the suite as needed (bathrooms, floor, paint of cabinets)
- Mechanical systems are at the end of their lifespan:
 - o Boiler – has about 8 years left and costs about \$60K to replace
 - o Furnace – original and could go any time and costs about \$5K
 - o Hot Water Tank – has about 5 years left and costs about \$2500 to replace
 - o Plumbing Repairs – will need to invest about \$60K over next 5 years

- NHA would recommend replacing windows at some point in the near future – some were hard to operate.
- NHA would recommend making accessibility improvements – ramps at entrance, lever style door knobs and fixtures, replacing buzzer system etc.
- NHA would recommend improving lighting to higher efficiency options and making common areas brighter
- NHA noted that about half of the bathrooms will need upgrades over the next 5 years at \$5K per unit
- NHA notes that there will be a requirement to replace flooring in about half of the units over the next 5 years at \$3-5K per unit
- Condition of units varies but in general they are all very similar
- Some residents are not meeting NHA's standard of care and this would need to be addressed

Management and Regulatory Standards:

- Resident manager for many years up until 2 years ago where they shifted to Emerald Management
- No major flags were present in terms of regulatory requirements:
 - o Fire inspections completed as required
 - o Mechanical & Plumbing maintained at minimum standard
 - o Elevator has had all necessary inspections
 - o Corporate search clean
- Leases, move-in inspection reports, and correspondence relating to rent/security deposit is on file
- **Some residents have verbal agreements for reduced rent at end of leases – we are bound to honour this?**

Questions from July Board meeting:

- Residents have **not** been notified about the upcoming elevator work
- Vendor is not aware of anyone in the building with mobility issues or with a requirement to have an elevator at all times (during our inspection we did not note any wheelchairs or walkers)
- NHA confirmed elevator quote with our own contractors – replacement of cylinders is pretty standard but can take time to order and make parts for these older elevators. Pricing is on par and the holdback amount is more than sufficient to cover any extra costs.

Financing for Purchase:

- Agreed Purchase Price is \$4,280,000
- \$2M is from a mortgage on Riley Park Place
- \$2.5M is from a mortgage on Norfolk House (if we add upgrades)
- \$280,000 is from unrestricted reserves for growth (cash/investments)
- We estimate being able to provide an average subsidy of \$4000/year/resident for 10-12 units/residents (will have 1 and 2 bedroom units as subsidized)

Transition of Operations & Management Needs:

- Emerald Management is in place until December 2018

- NHA will need 1 FTE to help manage the additional maintenance, administration of the housing program, and general leasing and resident management – this will be split between a PT Maintenance Assistant and PT Administrative Assistant
- A draft Transition & Communications Plan with new residents is ready – operations staff is on board and beginning prep

Summary of proposed 5 year repairs/upgrades:

- Roof Maintenance - \$10,000
- Exterior Walls & Railing (mortar) - \$35,000
- Elevator Modernization - \$5000
- Exterior Concrete & Asphalt Repairs (safety & accessibility) - \$25,000
- Mechanical - \$130,000
- Accessibility Features - \$20,000
- Interior - \$75,000
- Windows & Patio Doors - \$145,000
- Contingency ~10 to 15% - \$55,000

Total: \$500,000

Required Discussion/Motions:

- Due Diligence Findings
- Financing Terms
- Waiving Conditions
- Financing structure for purchase & proposed upgrades
- Release of second deposit
- Authority to execute on behalf of NHA

Recommendation:

NHA staff recommends the board waive condition and move forward with the purchase of Riley Park Place as summarized and proposed in this document.