

NORTH PEACE HOUSING FOUNDATION

BUSINESS PLAN

2011 - 2013

PREAMBLE

The North Peace Housing Foundation (NPHF) is a management body established by Ministerial Order under the Alberta Housing Act to provide adequate and suitable housing in a variety of housing types that are accessible to low-income households in need.

The vision of North Peace Housing Foundation is as follows:

“Providing quality affordable housing to the North Peace”

The mission of the North Peace Housing Foundation is as follows:

The North Peace Housing Foundation will endeavour to provide accommodation for low and moderate income families, senior citizens, the physically/mentally handicapped and individuals with core housing needs.

The North Peace Housing Foundation will carry out its mission through its four core business portfolios:

Senior Citizen’s Lodge Program

Basic room and board accommodation, supplemented with housekeeping, laundry and recreation services. Both single and double occupancy rooms available. Single rooms vary in size from 135 sq. ft. to 350 sq. ft. Rates vary in accordance with room sizes and income.

Seniors Self-Contained Apartment Program

One bedroom apartments, specifically designed for seniors. Rental rates based on 30% of household income, reviewed annually.

Family Housing

Detached or semi-detached residential dwellings ranging from 2 to 5 bedrooms, with rental rates based on 30% of household income, reviewed annually.

Rent Supplement Housing Programs

Rent subsidies provided to low-income households renting in the private market. Rental subsidies based on 30% of household income, reviewed annually. Maximum subsidies may apply.

EXECUTIVE SUMMARY

The North Peace Housing Foundation finds itself in a much different environment as it moves into the next three year business cycle. The world experienced a rapidly deteriorating economic picture, commencing with the collapse of the United States housing market and then spreading to the automotive and financial sectors. Most countries fell into recession over the course of the next 18 months and a global economic crisis prevailed. Governments found themselves requiring huge stimulus funding to keep the economies of their countries from deteriorating further, creating huge budget deficits. Canada and Alberta, although not as deeply hit as some jurisdictions, followed suit, and much of the activity within the Canadian economy has been driven by government spending.

The Peace country was not immune from the economic downturn, and through much of 2009, the economy in the North Peace Housing Foundation area slowed. Just as plans for the new Peace River affordable housing project were completed, vacancy rates in Peace River were hitting ten-year highs. Vacancies in our own properties reached over 50% in some areas, and new applications have slowed dramatically.

Employment in the Peace country has dried up, and now this region holds the highest unemployment rate in the province. During the fourth quarter of 2008, the global financial crisis led to significant declines in commodity prices, exploration and development of oil and gas reserves and subsequently declines in the demand for oil industry workers.

Because of the abrupt change in the economic climate within the Peace, the North Peace Housing Foundation Board of Directors has chosen to delay the construction of the family housing project in Peace River. The current vacancy rates create too much downside risk of operational deficits in the project, and the construction costs have not shown a significant correction. The combination of the two, made this endeavour uneconomical at this time.

The good news is there appears to be signs that things are improving. The Petroleum Services Association of Canada recently revised its forecast of wells to be drilled (rig released) in Canada in 2010 to 11,250, a 35% increase in the number of wells drilled in Canada in 2009. General economic indicators show positive signs of economic recovery from the recession. Investment by the Chinese in the oil sands leases around Peace River provides hope that the area economy still has some future catalysts. Although discussions of nuclear power plant construction and the Shell Carmon Creek project have quieted down somewhat, these projects remain as potential sources of economic stimulus in the medium to long term.

It would appear the Foundation must take a more reserved approach moving forward. Opportunities to develop lower risk initiatives should take precedent over the somewhat higher risk projects. An opportunity to delay the affordable family housing project in Peace River could prove to be blessing. It allows the Foundation to put forward a much lower risk, high need alternative and revamp the capital program to focus more on seniors housing while

awaiting a more pronounced economic recovery for the region. At that point, when the demand for units outstrips supply, the Foundation could pursue the affordable family housing project. Until then, by making better use of the asset mix, it could allow the Foundation to fill the housing gaps, without the need for large capital outlays,

The focus of the North Peace Housing Foundation property development initiatives will centre on the Peace River west-hill development area. The Foundation hopes to construct a 64 unit affordable housing complex for independent seniors as step one in the development of a seniors housing campus. The proposed 12 acre site, that the Foundation plans to purchase in the near term from a local landowner, in addition to the seniors apartment, will eventually see a new seniors supportive living facility, 11 condominium units for seniors and potentially the new Medical Centre of Excellence planned for Peace River.

Constructing this new apartment for seniors provides the opportunity to expand our supportive housing supply by relocating independent seniors to the new apartment building and transforming Heritage Tower into an 82 unit supportive living facility. This will provide the Peace River area with much needed capacity, and at the same time delay the need for a new larger facility in Peace River for several years. This will also delay the need for further provincial grant requirements until the economy in the province stabilizes and the province will have renewed ability to fund projects of this nature.

The decision to delay the construction of the affordable family housing apartment has left a void in the supply of affordable units for low to moderate income non-senior single adults and couples. Adults and couples with children can be accommodated in the current family housing portfolio, but single adults and couples without dependents are having a more difficult time finding affordable housing. Through the re-profiling of properties, the North Peace Housing Foundation believes it can capture this client group. Once the seniors apartment is built on the west hill, tenants from Greene Valley Apartments can be relocated to the new building, freeing this building up to accommodate 20 low to moderate income individuals or couples.

We believe this development plan significantly closes housing gaps in the Peace River area, provides increased supply in critical areas of supportive and independent seniors housing and at the same time provides housing for the underserved group comprised of adult singles and couples without dependents.

Even though property development may consume much of the spotlight over the next three years, property management must continue to be of primary importance to the Foundation. The Foundation has been entrusted with government assets well in excess of \$100 million, and the management of these assets and the programs that flow from them will continue to consume the vast majority of the resources that the Foundation has at its disposal.

The Foundation will face challenges in the short and medium term in maintaining the properties as they age. Major renovations, rather than minor repairs are required to keep the portfolio at an acceptable standard. The maintenance time required for each tenancy continues to rise, as items within the properties require replacement rather than repair. The Foundation will consider alternatives to modify interior layouts to bring properties more in line with current standards and expectations. Provincial programs to upgrade current housing

stock will be reviewed and accessed to improve the appearance and functionality of the family housing portfolio.

Program management processes have improved greatly over the course of the past three years, however much more needs to be done to bring the tenants actions and behaviours in line with the expectations of the North Peace Housing Foundation as landlords. Tenants must be held accountable for maintaining their property and for fulfilling the requirements place upon them under the lease agreement. The Foundation would like to introduce both incentives and penalties to assist in bringing about an alignment of these expectations and the corresponding responsibilities.

The Foundation will partner with the province to deliver both expanded housing support services as well as employment training programs to our family housing tenants in 2011. The Housing Works program looks to deliver programming that both stabilizes households within the social housing programs and provides training and development programs that would allow them to obtain and maintain employment. This ultimately will allow social housing clients to transition out of social housing and progress into market-based housing alternatives.

The consequences associated with the aging of Alberta's population will continue to impact the North Peace Housing Foundation on both an operational perspective and on a property development perspective. Operationally, the Foundation must review in the near term the extent to which it wants to be involved in providing accommodation for heavier care individuals in the properties it manages. The Foundation will engage a consultant to study the cost and benefits of creating a Foundation managed homecare program. Given the Foundation's experience with this client group, it is possible that strong synergistic benefits exist that could provide residents with the appropriate care in a more cost effective manner. Areas such as staff recruitment and training, professional liability, and program coordination would need to be addressed in the study. Decisions in this area could also impact the design of the proposed seniors housing facility in Peace River, as well as any future capital expansion and/or replacement of current facilities. The sheer numbers that are projected over the next 20 years will place a huge onus on both the province and the North Peace Housing Foundation to increase the stock of affordable seniors housing in the peace region.

To manage the programs and properties under its control, the Foundation must ensure that staffing levels are acceptable and the workforce is adequately trained to deal with the changes to clientele. Human resource management therefore is becoming more and more critical, particularly when the Foundation is faced with a workforce that is aging. Over the next three years, the Foundation will evaluate its current workforce, determine workforce requirements over the short, medium and long terms, and develop plans to fulfill the workforce requirements. This will include initiatives to encourage extension of the work-life of the current staff, and recruitment and retention of new workers. The Foundation must position itself as an employer of choice, marketing itself as a great place to work, with opportunities for advancement and career growth.

ENVIRONMENTAL SCAN

Even with the global economic downturn, the Peace country resources are still coveted assets, and oil and gas companies and power generation providers still look to exploit these natural resources, particularly as the world economy recovers. The difficulty remains in predicting when and how quickly the Peace country's economy will gain traction moving forward.

The oil and gas industry, in particular the expansion of the oils sands into the Peace River region will have a wide ranging impact on all stakeholders and businesses within the north peace region. The Shell Carmon Creek expansion project continues to be refined, the Chinese have made a significant investment in Penn West lands in the Seal Lake area, and many other companies continue to develop lands in close proximity to Peace River. Even though the larger projects have not received the go ahead, the cumulative investment in the area is still substantial, and if and when those projects proceed, it could again ignite huge interest in the area.

As suggested in the past, national retailers continue to see the Peace River market's potential, with Shopper's Drug Mart, Warehouse One, Penningtons, and Dominoes Pizza all setting up shop in Peace River in the past two years. The Foundation therefore can anticipate demand for affordable housing to escalate, as these businesses look to fill the relatively lower paying jobs.

The oil sands are not only driving retail development, it also appears to be a key driver in other industrial development. Other large industrial corporations, such as power generation developers, see the area as a place to grow their business. Glacier Power run-of-the-river dam project, and the mammoth Bruce Power nuclear development still create significant curiosity from developers and could spawn new investment from those who believe the development of the area will proceed. Although, these developments are likely not within the time horizon relative to this business plan, these developments continue to bring, if nothing else, publicity to the region.

Vacancies in most of the communities in the Peace River region have seen a dramatic shift from what were historic lows, to what are now 10 year highs in some areas. The 2009 Alberta Vacancy Survey pegged Peace River's vacancy rate at 10.4%, with Grimshaw at 4.2%. The Town of Manning was not surveyed because of the low number of rental properties, however based on the number of vacancies within our own properties sitting at over 50%, the vacancy rate in Manning within our own properties is at an all-time high.

Investment in affordable housing by the province is expected to be curtailed over the next three years as stimulus spending seen over the last two years has brought the province into a deficit position. The province and the federal government will look to reign in that spending to bring their financial house back in balance. The province continues to invest in partnership with municipal, non-profit and for profit developers to see the construction of 11,000 new affordable housing units by 2012. In all, the province's investment in affordable

housing will total some \$877 million by 2012. In addition, the province continues to fund programs to assist current households with maintaining their current accommodation through the direct to tenant rent supplement program.

One of the most significant factors which will continue to drive North Peace Housing Foundation decision making is the aging of the region's population. The senior population in the region is projected to more than double in the next twenty years from 3,165 in 2006 to 7,006 in 2026, an increase of 121.36%. Also, of note is that the oldest of the over 65+ group will be the fastest growing population segment. The group of seniors over 75, which is the base of the seniors in North Peace Housing Foundation facilities, will grow by 160.3% over the next 15 years. Seniors, particularly those over the age of 85 years are much more prone to degenerative mental and physical conditions that make supportive living a necessity. This group will increase in size by 168.2% to over 950 people by 2026. Housing facilities that consider these special needs will allow the area seniors to maintain the best quality of life possible under the circumstances.

STRATEGIES

Property Management

The North Peace Housing Foundation will continue to focus on its primary business which is residential property and program management for the provincial government and Foundation owned assets in the north peace region.

General

To assist in marketing its facilities, the North Peace Housing Foundation will enhance its website to allow the general public to view on-line our buildings and provide information on the services we offer. The site will also provide links to other associated sites to assist those in need of housing. We will also ask our partners to provide a link to our website to increase traffic to the site.



The Foundation will undertake a comprehensive evaluation of assets under management to determine the appropriate level of insurance. This will involve the Foundation engaging an outside certified property appraiser to put an accurate value on the buildings managed by the Foundation. To assist in this review the Foundation has completed the update and maintenance of the current inventory of buildings, furnishings and equipment.

The Foundation will review its records management policies to ensure they meet the current FOIP requirements. This will involve the review of practices and policies regarding everything from transitory records to archiving.

The Foundation will incorporate a system of penalties and incentives to improve the overall compliance with the elements of the lease agreement and ultimately the tenancy with the North Peace Housing Foundation. The elements of these programs have the goal of reducing administrative involvement in the tenancies and to reduce overall accounts receivable within the properties, and at the same time improve the overall appearance of the properties and the stability of the tenancy.

Seniors Housing

Upgrades to the self-contained units will continue to be high on the priority list over the next three years. The North Peace Housing Foundation will continue to replace plumbing and electrical fixtures to be more maintenance free and more energy efficient. Over the medium term, the Foundation will need to look at replacement of cabinets and bathroom fixtures within the senior apartments it operates.

Family Housing

Family housing units also will require significant upgrades over the next three to five years, with most of the properties being in excess of twenty years of age. Exterior upgrades will include the replacement of siding and windows. Interior upgrades will include mechanical systems, cabinets, and plumbing and electrical fixtures.

The Foundation will continue its family housing support services initiative, building on progress made to date. Neighbourhoods have been stabilized and police and protective services involvement have been reduced considerably. The program will emphasize more accountability being placed on the households and on compliance with the terms of the lease agreement. This includes timely payment of rent, maintenance of the property, and protecting the property from damage. Tenant training programs will become entrenched in the application and approval process and incentives and penalties will be introduced to bring about the desired results. It is hoped that through this process, tenancies can be extended and hopefully saved from the difficult process of eviction. The Foundation will establish links with other agencies to monitor this program, and to ensure tenants are given an opportunity to succeed, and at the same time improve the overall living conditions of the properties for all tenants.

Through a partnership between North Peace Housing Foundation, Alberta Housing & Urban Affairs, and Alberta Employment and Immigration, North Peace Housing Foundation will pilot the Housing Works program in the rural setting. The program provides resources to social housing clients to assist them in maintaining their tenancy and provides them the necessary training and support programs to obtain gainful employment. This will allow tenants to become more independent and may allow them to transition out of social housing and into market based accommodation.

Property Development

The Foundation, in this business cycle, will complete an update of the Seniors Housing Need Assessment for the region and will use this document moving forward to plan its capacity building strategy. The Foundation will carry out the plan update on its own by first updating

the population projections using the 2011 census information and the statistical models used in previous reports. From there, the Foundation can determine the needs of the various communities.

Over the next three years the North Peace Housing Foundation will prepare for the expansion of its housing portfolios to address the growing seniors housing needs and also the affordable housing needs of underserved clients within the region. The previous and current needs assessment reports continue to identify Peace River as the area where seniors housing is most in need.

The North Peace Housing Foundation will focus its efforts on this location during this business cycle. See Appendix I for the Peace River Affordable Housing Master Plan.



Heritage Tower Senior Citizens' Complex

To build seniors housing capacity within the Peace River area, the Foundation will, through a re-profiling of assets, optimize the use of these assets to better meet the needs of both independent seniors and seniors requiring supportive living services.

To accomplish this transformation, the Foundation will appeal to the province to allow for a change of use of the grant money the Foundation received to build the affordable family housing unit in Peace River. By redirecting that money into an affordable senior independent housing complex, the Foundation will have the ability to carry out its asset use optimization, and expand the supply of both independent seniors units and supportive living units in Peace River. The Foundation has secured a 12 acre parcel on which to develop a seniors housing subdivision in a campus style arrangement. The Foundation has developed an area structure plan for the area immediately west of the Peace River Hospital. See Appendix II Peace River Westhill Seniors Housing Area Structure Plan.

Phase one of the development, would see the North Peace Housing Foundation construct a 63 unit seniors independent living complex. This affordable housing development would provide additional supply of independent units, but more importantly, it would allow for the relocation of seniors from the other facilities, to allow for the transition of those properties to other uses.

In the case of the Heritage Tower Apartments, the Foundation will expand our supportive living spaces for Peace River and area seniors by opening up these apartments to supportive living clients. This can be achieved without any changes to the existing suite layouts. A similar one bedroom apartment style layout is something the Foundation intends to incorporate into any new development in any regard, so the only space in these suites that would be underutilized would be the kitchen facilities. The old apartments would be ideal for couples looking for supportive living options. With average life expectancy of men and women approaching the same age, the Foundation can expect many more couples to live together in supportive living settings. Heritage Tower staffing would need to be increased to deal with the additional clients but the economies of scale captured by increasing the number of supportive housing units creates a much more cost effective operation.

The Foundation will also have an opportunity to address the supply of affordable housing for low-income single adults in the area. Through the construction of new facilities within the Town of Peace River, this segment of the population will be given a much better opportunity to secure safe and affordable housing. The Foundation would, once the new westhill apartment is built, re-profile the Greene Valley Apartment complex in Peace River into an affordable supportive adult living facility. The proximity to the Heritage Tower provides these individuals with much needed access to meals, home care, and other community agencies that frequent Heritage Tower. The former tenants of the Greene Valley Manor would be relocated to the new senior affordable housing complex.

The Foundation through its municipalities should receive an assessment of the family housing needs within the region once a report developed by the Mackenzie Municipal Services Agency is completed and reviewed. This will provide further information into where and what types of affordable housing is required. In previous requests for grant funding, the Foundation has been turned down because information on need was not supported by a review of the data by an independent third party. This report should provide the necessary evidence to support any potential projects.

Early in this business cycle the North Peace Housing Foundation will review its capital reserve allocations in anticipation of the local capital contributions that will be necessary to move forward with the staged developments. Provincial and possibly federal capital funding opportunities will continue to play an integral part in any developments and much of the plan hinges on the Foundation gaining access to grant funding sources. This will include development of a capital budget for the new facilities in Peace River and then developing a reserve and debt strategy that matches those capital requirements.

The North Peace Housing Foundation will continue to assess the suitability of its current family housing portfolio. The Foundation will assess the location, cost effectiveness and the need for each of the single-family dwellings within its portfolio. The Foundation will aim to replace these single-family dwellings with more cost-effective multi-family units. At the same time, the Foundation will look to provincial government programs that will assist the Foundation in modernizing the portfolio and increasing efficiencies in the housing projects throughout the region. Through this process, the Foundation could potentially incorporate the development of the 46 suite affordable housing apartment complex for the Town of Peace River.

Once the MMSA needs assessment is complete, the Foundation will review the need for the planned 36 unit affordable housing apartment complex for the Towns of Fairview, Grimshaw and Manning. This would be contingent on continued support from the municipalities involved, the provincial government and the North Peace Housing Foundation.

DEFINITION OF BUSINESS

The North Peace Housing Foundation is a management body created by Ministerial Order H:062/95 (Exhibit 3) under Section 5 of the *Alberta Housing Act*, effective April 1, 1995. The North Peace Housing Foundation is considered a corporation as outlined under Section 6 of the *Alberta Housing Act*.

Basic Description of Business

The function of the North Peace Housing Foundation is to provide sufficient and adequate accommodation in a variety of housing types targeted to low and moderate-income seniors and families in need.

Products and Services

North Peace Housing Foundation provides the following housing services:

Supportive Living Accommodation

Basic room and board accommodation, supplemented with housekeeping, laundry and recreation services. Both single and double occupancy rooms available. Single rooms vary in size from 135 sq. ft. to 350 sq. ft. Rates vary in accordance with room sizes.

- **Autumn Lodge**
Capacity for 43 residents located in the Village of Berwyn
- **Del-Air Lodge**
Capacity for 57 residents located in the Town of Manning
- **Harvest Lodge**
Capacity for 66 residents located in the Town of Fairview
- **Heritage Tower**
Capacity for 41 residents located in the Town of Peace River
- **Homesteader Lodge**
Capacity for 30 residents located in the Village of Hines Creek

Senior Citizen Apartment Accommodation

One bedroom apartments, specifically designed for seniors. Rental rates based on 30% of household income, reviewed annually.

- **Autumn Villa**
8 Self-contained apartments in the Village of Berwyn
- **Garrison Manor**
46 Self-contained apartments in the Town of Fairview
- **Greene Valley Apartments**
20 Self-contained apartments in the Town of Peace River
- **Heritage Tower**
42 Self-contained apartments in the Town of Peace River
- **Legion Court**
16 Self-contained apartments in the Town of Grimshaw

- **Legion Place**
8 Self-contained apartments in the Town of Grimshaw
- **Manning Seniors Apartments**
16 Self-contained apartments in the Town of Manning
- **Nampa Legion Manor**
12 Self-contained apartments in the Village of Nampa
- **Pioneer Village**
4 Self-contained apartments in the Hamlet of Worsley

Community Housing Program

Duplex and townhouse style residential dwellings ranging from 2 to 4 bedrooms. Rental rates are based on 30% of household income, reviewed annually.

- 21 Community housing units in the Town of Grimshaw
- 81 Community housing units in the Town of Peace River
- 20 Community housing units in the Town of Manning

Rural and Native Housing Program

Single family residential dwellings ranging from 2 to 5 bedrooms. Rental rates are based on 30% of household income, reviewed annually.

- 4 Rural and Native housing units in the Village of Berwyn
- 2 Rural and Native housing units in the Hamlet of Bluesky
- 1 Rural and Native housing unit in the Hamlet of Dixonville
- 10 Rural and Native housing units in the Town of Fairview
- 15 Rural and Native housing units in the Town of Grimshaw
- 1 Rural and Native housing unit in the Village of Hines Creek
- 3 Rural and Native housing units in the Town of Manning
- 3 Rural and Native housing units in the Village of Nampa
- 2 Rural and Native housing units in the Hamlet of St Isidore
- 1 Rural and Native housing unit in the Hamlet of Whitelaw

Private Landlord Rent Supplement Housing Program

Privately owned residential dwellings committed under contract to housing modest income households. Rental rates based on 30% of household income, reviewed annually.

- 0 Private Landlord Rent Supplement units in the Town of Grimshaw
- 1 Private Landlord Rent Supplement units in the Town of Fairview
- 10 Private Landlord Rent Supplement units in the Town of Peace River
- 6 Private Landlord Rent Supplement units in the Hamlet of St Isidore
- 0 Private Landlord Rent Supplement units in the Town of Manning

Sustainable Remote Housing Initiative

Single family residential 3 bedroom dwellings. Rental rates are based on 20% of household income, reviewed annually with all associated costs (heating fuel, water and sewer, electricity, insurance and taxes) being paid by the tenant. These units are intended for sale to the tenants.

- 8 Sustainable Remote Housing Initiative units in the Hamlet of Cadotte Lake

Client Groups

The North Peace Housing Foundation serves the following client groups:

- senior citizens
- modest income households
- physically/mentally handicapped

Senior Citizens

From demographic information gathered by the Mackenzie Municipal Services Agency, the 2006 Statistics Canada census indicates that the population for the North Peace Housing Foundation area totals 26,155. Of this population, slightly over 12% of the population, or 3,165 people are senior citizens. Currently, the North Peace Housing Foundation serves 388 senior citizens, or approximately 12% of the senior population.

Projections indicate that the senior population in the North Peace Region will grow rapidly over the next fifteen years, reaching over 7,000 by 2026. Even looking more near term, the numbers are projected to grow by almost 800 seniors by the next census in 2011. In the next six years, by 2016 the area will have 1,800 more seniors than we did in 2006.

With the province moving towards a community based model rather than an institutional model, senior citizens are being encouraged to remain in their homes as long as possible, and early discharge from acute care facilities, and closure of long-term care beds have all increased the demands on supportive housing programs. Provincial guidelines will dictate that only very heavy care individuals will be placed in long-term care facilities.

In the past, the Foundation has focused on the age group over 75, but with the care shifting to the community, the younger senior (65–74) will make up only a small portion of the clientele we serve. It is the two oldest age cohorts (75-84) and (85+) that will see the largest increase, and it is from these age cohorts where most Foundation clients are drawn. The 75-84 age group will grow by 160% from 2001 to 2026, and the (85+) age group will grow by 168%. By 2026, the region will have 952 people over the age of 85.

It is this 85+ group that will form the large majority of the residents seeking supportive housing accommodation. It is this age group that tends to have more complex health issues that entices clients and their families to seek the assistance that supportive housing facilities provide. The Canadian Mental Health Association estimates that 30% of individuals over the age of 85 have some level of dementias. Add to that issues like diet and frailty, a large percentage of this group will require supportive housing services.

The Foundation in conjunction with other health care and housing providers must work together to ensure the needs of this client group are met. The Foundation must continue to challenge the regional health authorities to ensure that adequate care is provided within supportive housing and the cost of care is not transferred to the municipalities.

Modest Income Households

With the area's unemployment rate now being the highest in the province, the availability of affordable housing can often be the difference between a family remaining in the community, or leaving the community. Having a rent based on the income, allows the tenant to recover from a job loss by reducing their rent during periods of unemployment.

Even when the economy is booming, a strong public housing presence provides our tenants employed in lower-paying retail or hospitality sector jobs, a quality affordable alternative. Without supportive housing, these households would be paying more than 50% of their income for housing to obtain decent housing options.

Without a strong social housing presence in a community, households may be forced into poorly maintained properties that cost more to heat, thus compounding their dilemma. A strong presence forces landlords to maintain their properties to a higher standard or risk losing their tenants. This is particularly important with the individuals with disabilities that can often leave them at the mercy of the landlord.

The Foundation does not have any strongly supported data to determine the future need within the North Peace area for family housing. The Foundation relies on waiting-list information, and data on the number of market rate renters in our properties. Wait list information is valuable in that it gives you a good indication of what your current demand is, but does little to project future need. Market renter data gives you an indication of the excess capacity that you are carrying.

The North Peace Housing Foundation and its municipal partners have commissioned the Mackenzie Municipal Services Agency to compile an affordable housing needs assessment to determine needs within the Peace country communities. This report will provide valuable analysis of the demographic data to support the development decisions of the North Peace Housing Foundation.

Physically/Mentally Disabled

The physically/mentally handicapped face the same issues as other modest income households, however their situation can often be compounded by a disability that makes their situation even more tenuous.

The physically or mentally handicapped individual has been served through the Private Landlord Rent Supplement (PLRS) Program or the Direct to Tenant Rent Supplement Program, typically in one-bedroom walk up apartments.

The Foundation has been having difficulty in getting applicants approved under the Direct to Tenant Rent Supplement Program as the budget constraints of the provincial government has resulted in qualification criteria being raised to a high level to limit the number of new recipients. At the same time, the number of the commitments provided under the PLRS has been reduced in our area by 22%.

Through the optimization of the assets under our management, the Foundation believes it can provide some further flexibility in the housing mix currently under our management. By converting the Greene Valley Apartments to 20 affordable housing units, it will provide a housing option for those that do not meet the stringent criteria of the rent supplement.

The Foundation believes the Direct to Tenant Rent Supplement is an excellent housing program. Through proper controls, this program provides an extremely responsive tool to deal with changes within the economy that impact the availability of affordable housing.

STRATEGIC PLANNING

Seniors Independent Living

The North Peace Housing Foundation will prepare for the construction of a 63 suite seniors affordable housing facility in the Town of Peace River. Construction tentatively planned for the spring of 2011, pending approvals.

Objective

1. To provide adequate and suitable housing to senior citizens in need.

Strategies/Actions

- 1.1 Review demographic characteristics of the Peace River sub-region.
- 1.2 Determine and set seniors housing requirements for the Peace River area by November 30, 2010.
- 1.3 Begin discussions with Alberta Housing & Urban Affairs into the feasibility and possibility of converting some of the Heritage Tower Seniors Complex into a different housing program depending on the need assessment. Seek approval to transfer affordable housing grant to fund the development of the senior affordable independent living project.
- 1.4 Complete the land purchase transaction for the parcel of land adjacent to the hospital by October 31, 2010.
- 1.5 Have a legal land survey completed by November 30, 2010 and prepare subdivision application including the completed area structure plan for the development area.
- 1.6 Review financing requirements. Consultant will prepare a cost estimate for the building and the Foundation will begin the process of securing appropriate financing including discussions with municipalities to act as lenders.
- 1.7 Develop a communication strategy for the project to promote it locally and within the region.

- 1.8 Proceed with the selection of the engineering consultants for the proposed development by December 30, 2010.
- 1.9 Architectural firm prepare a Design Development Report. Architect to prepare the Design Development Report by December 31, 2010.
- 1.10 Architect and executive committee review and fine tune the drawings and have architect begin the preparation of tender documents. Board of Directors review and approve final drawings by January 31, 2011.
- 1.11 Architect have tender documents completed by February 28, 2011. Committee to review all tender documents prior to tender.
- 1.12 Prepare the project for tender. Submit project for tender by March 15, 2011.
- 1.13 Commence construction in May 2011.
- 1.14 Prepare a furniture and equipment budget. Tender the furniture and equipment purchase by December 31, 2011.
- 1.15 Prepare a start-up plan.
- 1.16 Building start-up and grand opening.

Lodge Portfolio

Over the next three years, the Foundation will move forward with its capital plans in regards to expanding supportive housing capacity in Peace River.

The Foundation will, prior to the construction of a new facility, review its housing needs in the Peace River area. The Foundation has updated its need projections based on the Cohort Survival Model and will use this to develop its capital development plans. From previous analysis, Peace River is and will continue to be an area where growth in demand will continue to outstrip the current supply of seniors housing.

Conversion of Heritage Tower Apartments to Supportive Housing Spaces

Upon completion of the westhill seniors independent living project, the North Peace Housing Foundation will transfer those seniors wishing to relocate to the new building and convert all apartments within Heritage Tower to seniors supportive living spaces.

Westhill Seniors Housing Development

The North Peace Housing Foundation will develop the westhill subdivision as outlined in the Westview area structure plan.

Objective

2. To provide adequate and suitable housing to senior citizens in need.

Strategies/Actions

- 2.1 Complete the land purchase transaction for the parcel of land adjacent to the hospital by October 31, 2010.
- 2.2 Have a legal land survey completed by November 30, 2010 and prepare subdivision application including the completed area structure plan for the development area.
- 2.3 Review financing requirements. Consultant will prepare a cost estimate for the infrastructure requirements based on the area structure plan. This includes cost of storm drainage, water and sewer infrastructure, curbs and gutters and pavement.
- 2.4 Select the condominium design or designs and select a focus group to review the designs. Select condominium designs for the development.
- 2.5 Complete legal documents require for Peace River Westhill Condominium Association managed by North Peace Housing Foundation.
- 2.6 Prepare information brochures based on approved condominium design.
- 2.7 Develop a communication strategy for the project to promote it locally and within the region. Hold open houses to solicit interested parties who may wish to purchase residential lots or condominiums. Look to have 50% of the units/lots sold by March 31, 2011.
- 2.8 Proceed with the selection of the engineering consultants for the proposed development by April 30, 2011.
- 2.9 Prepare the project for tender. Submit project for tender by May 31, 2011.
- 2.10 Commence construction in July 2011.
- 2.11 Upon completion of the infrastructure development, complete land sales agreements.
- 2.12 Prepare condominium sites for construction/installation of condominium units.
- 2.13 Complete condominium purchase agreements and commence construction/order condominium units.

Communication Plan

The North Peace Housing Foundation will arrange to meet with the local MLAs to present the business plan and provide them insight as to what housing issues exist within our region. The Foundation needs to gain the support of the regions MLAs as it will undoubtedly require their support when applications under grant programs are reviewed.

The Foundation will also create a slide show for presentation to service clubs and seniors groups to entice local interest in the projects and solicit sale of properties.

Financial Plan**Lodge Portfolio**

Over the next three years, the Foundation anticipates an improving revenue stream in its lodge program, as demand for our services continue to increase. As of October 1, 2010, the Foundation had a total of 229 residents in our five lodge facilities. Four of the five lodges are either at or near capacity, with Del-Air Lodge having 7 of the 9 vacant rooms current in the region. The Foundation will focus its efforts on developing strategies to reduce these vacancies, providing new marketing techniques and providing incentives to new clients.

Lodge Revenues

Revenue	2011	2012	2013
Resident Accommodations	\$3,588,300.00	\$3,741,250.00	\$4,401,400.00
Lodge Assistance Program	961,600.00	979,600.00	1,116,600.00
Other	63,200.00	88,600.00	114,700.00
Requisitions	1,500,000.00	1,500,000.00	1,500,000.00
Total Revenue	\$6,113,100.00	\$6,309,450.00	\$7,132,700.00

Most lodge portfolio expense increases should be contained to increases in the inflation rates. There is always the potential for a spike in utility costs, however the Foundation will take steps to minimize these huge fluctuations, by locking utility rates into supply contracts. Budget allocations are made each year to upgrade suites as needed.

Lodge Expenses

Expenses	2011	2012	2013
Utilities	\$376,400.00	\$381,500.00	\$482,500.00
Operations	806,900.00	827,000.00	924,100.00
Maintenance	99,000.00	98,200.00	119,600.00
Capital Costs	-	-	-
Administration & Labour	3,937,200.00	4,058,650.00	4,491,550.00
Amortization	334,950.00	294,450.00	289,200.00
Total Expenses	\$5,554,450.00	\$5,659,800.00	\$6,306,950.00

The financial plan of the North Peace Housing Foundation over the next three years must be designed to first of deal with cash flow requirements of the operations but also to secure adequate funds to meet the regional funding requirements of new property development.

The Foundation will again use this strategy of borrowing from its municipal partners as it seeks to borrow enough funds to meet its portion of the capital construction commitment. Over the term of this business cycle, the Foundation will begin discussions with the municipalities to determine their level of interest. This innovative financing strategy saved the Foundation tens of thousands of dollars over the term of the prior arrangement, and is now being used by many other management bodies in the province.

If the Foundation is successful in optimizing its current asset mix, the Foundation will be in a position to set aside significant resources, which would allow for the development of projects using funds set aside in reserves.

Self-Contained/Family Housing Portfolio

Again, over the next three years, the focus of the Foundation will be related to property management functions. Revenues will be tied directly to occupancy, as incomes of clientele remain relatively stagnant. The small increases in revenues caused by increasing incomes of the tenants is offset by the loss of market based renters, whose income allowed them to enter the private ownership market.

Self-Contained/Family Housing Revenues

Revenue	2011	2012	2013
Rental Income	\$1,854,900.00	\$1,911,700.00	\$1,971,200.00
Utilities Recovered	321,000.00	328,750.00	334,350.00
Sundry	9,150.00	9,200.00	9,200.00
Total Revenue	\$2,185,050.00	\$2,249,650.00	\$2,314,750.00

Expenditures in the self-contained and family housing programs will be largely centered around maintaining and upgrading of the properties under our management.

Again, the Foundation will look to lock-in utility rates to control the large fluctuations in overall costs through the use of supply contracts.

Self-Contained/Family Housing Expenses

Expenses	2011	2012	2013
Property Taxes	\$329,650.00	\$340,450.00	\$351,100.00
Utilities	783,850.00	799,250.00	805,550.00
Operating Costs Incl. Labour	662,350.00	690,600.00	683,000.00
Maintenance	604,550.00	446,250.00	425,300.00
Non-Recurring Maintenance	341,500.00	316,000.00	148,000.00
Administration	494,100.00	506,100.00	518,850.00
Amortization	2,900.00	2,900.00	2,900.00
Total Expenses	\$3,218,900.00	\$3,101,550.00	\$2,934,700.00

Conclusion

The North Peace Housing Foundation over the next three-year period will focus its efforts on a combination of improved property management and a property development program that optimizes the use of assets in the Peace River area, creating additional supply for both affordable seniors housing and affordable housing for independent adults and couples.

Property management is the primary business of the Foundation and over the next three years the Foundation will work to improve key areas of the property management functions. These include improvements to the website, applicant screening and training programs, and incentive programs to encourage tenants to fulfill their obligations under the lease agreement.

The Foundation will work with the provincial government to ensure that assets under management are properly maintained, and well occupied. The Foundation, like many other management bodies still believes the province should develop an upgrading program that addresses deficiencies in the social housing portfolio of assets. This would include changes to the unit layouts to improve the functionality of the accommodations we manage.

The Foundation will evaluate assets to ensure that Foundation assets are adequately insured. The Foundation has updated its current asset inventory and will use this information to assist in the valuation on the Foundation's assets.

The Foundation will over the next three years also be involved in an aggressive development program in the Town of Peace River to create a new senior housing campus on the west hill adjacent to the Peace River Hospital. With the support of the municipality, the provincial government and the Foundation Board of Directors, the North Peace Housing Foundation will develop a first class development in what is a rare opportunity within Alberta to provide the full continuum of housing options for seniors all in one location.

For additional information, or for inquiries regarding the North Peace Housing Foundation 2011 – 2013 Business Plan, please contact Richard Walisser, Executive Director.