

A Brief Progress Report on the Continuing Efforts of Trinity's Relocation and Redevelopment Team

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Trinity's Redevelopment and Relocation Team (call us the 'TRRT') has worked steadily since early summer on its mandate from Council.

TRRT's mandate: to identify the most promising site redevelopment and/or relocation prospects that offer the best potential to address Trinity's twin needs:

- 1) to sustain its service mission in Kitchener's downtown as a core expression of Trinity's faith commitment; and
- 2) to sustain itself financially and as a congregation.

Council asked TRRT to report work-in-progress to it and the congregation 'in October'. A shorter version of this text was included in the worship bulletin on Sunday 1st November and members of the TRRT responded to questions from the congregation during 'coffee hour' after service on Sunday 8th November.

Here is a 'snapshot' of progress to date:

Meetings: the TRRT meets bi-weekly; we've had two meetings each with Zion/Highland and CORA Group (a major commercial property developer active in Kitchener downtown area), the latest one with Larkin Architects attending; as well as, a meeting with CMHC.

Opportunities:

- Canada Mortgage and Housing Corporation (CMHC) has committed a \$20,000 grant for short term consultancy costs associated with the TRRT's explorations. This covers time/expenses for Larkin Architect, a geo-technical survey and a planning consultant – Glen Woolner – to assist TRRT.
- Availability of capital grants (\$70,000 - \$120,000 per unit) from the Canada Ontario Affordable Housing Program for housing at rental rates that are capped below market rates (e.g: 'made affordable'). A great opportunity for Trinity. Grant value would turn into equity owned by Trinity as part of a site redevelopment project. This opportunity would allow Trinity to provide housing for those in need and, potentially, to earn accelerated net revenues on this space as the related mortgage is paid down.
- CORA Group is very interested in 'doing whatever it takes' to assist and ensure Trinity's 'financial and mission' success with this project. We could not find a better prospective commercial partner if this project goes ahead.
- Zion United and Rockway Mennonite churches are both very receptive to exploring potential solutions involving Trinity 'at Zion' that speaks to their own needs. Rockway seems keen to be part of solutions that secure its long term presence at Zion. Will this lead to a United Church properties stewardship

solution for Trinity that includes Zion's site? OR Could Trinity lead a U.C. property stewardship solution that includes Zion's site? It is too early to say, but we are called to be receptive to exploring such prospects.

- Highland Road United is participating in and monitoring TRRT's efforts closely. What are HRUC's interests? We do not know, but we are called to be one United Church.

Preliminary findings:

- Several 'R&R' options have been identified and are being considered by TRRT, chief amongst these to rebuild completely on Trinity's site. The 'best case' solution to Trinity's needs (social mission and financial sustainability) looks like it will include redevelopment of Trinity's site. It may involve other dimensions as well.
- Leased commercial space vacancy rates in Kitchener's downtown area are at an historical low of 3%, a rate that is for all practical purposes 0%, meaning that any new office space built is likely to be quickly leased.¹
- It is a similar story for rental accommodation in the Kitchener area: 3% or lower for rental accommodation of 1 to 4 bedrooms.²

Next steps:

- 1) TRRT, CORA and Larkin Architects have teamed up to prepare preliminary estimates of new space, capital costs and revenue/expense figures to gauge financial feasibility for Trinity of redeveloping its site;
- 2) a geo-technical survey to determine water table level (to see if 2 or 3 levels of underground parking is feasible);
- 2a) Discussions with Regional Social Housing Coordinators to determine the needs and best mix of housing options
- 3) continuing discussions with Zion/Rockway and HRUC;
- 4) preliminary work to prepare Trinity for a possible grant application to the Canada Ontario Affordable Housing Program;
- 5) review work by TRRT to assess all the R&R options identified;
- 6) preparation of a formal report to Council and Congregation. This will include TRRT's recommended 'R&R solution' and may include a draft 'business plan' for this. Formal report back likely at the end of January 2010. I think this is too aggressive given December is so busy.

¹ Source: CORA Group. October 2009. It should know. Commercial space is its core business and it is one of the largest commercial space management firms

² Source: CMHC. It issues rental housing vacancy rates on a quarterly basis.

Key Issues:

- **Out of the Cold** (OOTC). Finding a permanent home for OOTC is a longstanding matter. There are limits to the size of the ‘pie’ that might result from redeveloping Trinity’s site and Trinity’s share may not be large enough to accommodate all of Trinity’s ambitions and ‘wish list’ items. One question ‘going forward’ concerns Trinity’s future commitment to OOTC. Will it prove financially feasible to incorporate a permanent home for OOTC as part of Trinity site redevelopment? Short of that, is it likely that new space established for Trinity’s needs would be OOTC ‘friendly’? New space for Trinity might not include meeting spaces on the scale of our current Fellowship Hall (now used to house OOTC). If ‘no’ to these scenarios, what then of Trinity’s commitment to OOTC? At this point, TRRT does not have answers, but it is asking the questions and hopes to identify Trinity’s ‘best case’ options for maintaining its commitment, going forward, to OOTC in a substantive form.
- **Risk.** Site redevelopment to create new space owned by Trinity (that might be sold off, leased or rented) will entail some degree of financial risk. This is inescapable. Key risk factors include future mortgage interest rates and vacancy rates (or ‘unsold units’ in the case of space to be sold off). TRRT is well aware of the risk element. Any specific site redevelopment will need to offer Trinity a ‘risk profile’ that Trinity feels comfortable with. The greater the ‘comfort zone’ for Trinity the better. For example, a project that is still financially feasible if the occupancy rate for leasable space falls to, say, 70% offers a greater comfort zone for Trinity than one requiring 95% occupancy to achieve financial viability. Same story applies on mortgage interest rates. TRRT wants to find a scenario that yields a risk profile that is comfortable enough for Trinity to accept. Using grants to reduce capital costs and future mortgage repayment obligations is one way to reduce financial risks. Other mean includes ‘pre-selling’ the new space and/or securing long term commitments to lease this space. Now, this is where you might come into the picture. Surprised? Read on.

A Question for You:

Trinity site redevelopment could include housing for seniors. This housing can take many forms. This could be ‘**market rate**’ condominiums either leased or sold off. It could be rental apartments at market rates. It could be ‘**assisted housing**’, that is leased or rental housing at sub-market rates for seniors with limited incomes.

Access to social support services may also be a feature of market or assisted housing. Such services could be accessible on-site on a 24 hours a day basis or available (from off-site) on a fixed but limited schedule.

The mix and number of market-rate and ‘sub-market rate’ housing for seniors that could be incorporated into a Trinity’s site redevelopment plans is flexible. So, here is the question for you.

Might you be interested in residing at 74 Frederick Street North? What a concept! TRRT hopes so! Your reasons could be plenty. Downsizing. To live closer to a Trinity community. To access social support services. An expression of your personal commitment to Trinity’s faith mission. A reflection of your desire to do what you can to ensure a sustainable future for Trinity. Any or all of the above.

Why ask this question of you? Two reasons. First, Trinity’s pastoral care commitment calls us to find ways to better serve the needs of its congregation. We would be remiss if we failed to seek out and respond to such needs as part of any site redevelopment initiative. Second, going back to the question of risk for Trinity, TRRT would like to know how many housing units for Trinity or other seniors to plan for. The more of these that can be ‘pre-sold’ or ‘pre-occupied’, the lower the financial risks for Trinity in relation to considering any future decision to proceed with site redevelopment.

So, how do you answer this question and to whom?

Non-committal ‘**Expressions of interest**’, to remain confidential if you prefer, can be directed to:

Any of these TRRT members: Donna Jean Heard, Alan Kirker, Nigel Motts, Darlene Schmidt³, or, to Desmond Jagger-Parsons⁴.

If you respond, please indicate your preferences: (**check boxes as applicable**)

TRRT Expression of Interest	Yes	May -be	No
Purchase a condo at market-prices?			
Lease a condo at market-rate with option to purchase?			
Rent an apartment at market rate?			
Assisted housing at a subsidized, sub-market rental rate?			
Access to on-site social support services?			
Access to ‘available’ social support services ⁵			
Do you wish your EOI to remain confidential?			
Would you like to know more?			
State your name(s) here:			

Blessings to all! Nigel on behalf of your TRRT.

³ There are others serving on the TRRT, but at time of press, the writer felt most comfortable imposing only on those named herein.

⁴ Sorry, Des.

⁵ Eg: a support service that comes to you but is not ‘on site’ and available at a moment’s notice.