

Report HDR-CW-11-17

To: Warden Barfoot and Members of Grey County Council
From: Anne Marie Shaw, Director of Housing
Meeting Date: November 23, 2017
Subject: Request for Financial Assistance for Affordable Housing Build
Status: Recommendation adopted by Committee as presented per Resolution CW257-17; Endorsed by County Council December 14, 2017 per Resolution CC06-18;

Recommendation

- 1. That report HDR-CW-11-17 be received and that financial assistance in the amount of \$800,000 be loaned to Owen Sound Housing Company with repayment in full by August 31, 2018; and**
- 2. That an agreement be prepared between Owen Sound Housing Company and Grey County.**

Background

The Owen Sound Housing Company is a local non-profit housing provider as defined by the Housing Services Act, 2011. Owen Sound Municipal Non Profit Housing Corporation provides management services for their various properties. The same board governs both entities. They are a leader in Grey County for constructing and operating social housing and affordable housing and have been operating for over sixty years. Owen Sound Housing Company owns 230 townhomes and apartment units in the City of Owen Sound.

Owen Sound Housing Company has a solid record of successfully completing projects funded through the provincial Affordable Housing Program. The first build completed in 2009 consists of 23 units of affordable housing and another build completed in 2011 consists of 37 affordable units totally 60 affordable housing units.

The current development approved under the Affordable Housing Program has 22 units of affordable housing and 8 market rent units and includes a mix of one and two bedroom bungalows and stacked townhomes. The one-bedroom apartments are 600

square feet and the two bedroom apartments are 800 square feet. The units are barrier free and energy efficient.

The 22 affordable units are receiving a total of \$2, 550,000 in funding from the Investment in Affordable Housing Program and Social Infrastructure Program. This amount does not cover the full cost of the 22 units and does not include the 8 market units. The funding is flowed 50% at start, 25% at structural completion and 25% at the occupancy. Additional funds are required to finance the project to completion.

The City of Owen Sound has provided a short-term construction loan to the Owen Sound Housing Company for approximately \$880,000. The terms they have provided are at 2% with construction loan payable by August 2018. An additional \$800,000 is required to complete the build.

Owen Sound Housing Company is pursuing construction financing through the Canada Home and Mortgage Corporation (CMHC) Rental Construction Financing Program but are encountering numerous setbacks, including fees and independent reports that CMHC requires such as energy audits, land surveys and a capital cost verification program. The process is adding up financially and could hold up construction. Timing is a factor as funds are required in January 2018 for February 2018 draw. Construction is well underway with structural completion expected by the end of November.

Owen Sound Housing Corporation is requesting a short-term construction loan for \$800,000 paid back in full by August 31, 2018. This would save them significant funds that are badly needed to provide more affordable housing. Short term funding from the county will cost them \$10,667 in interest. Securing the needed funds from a commercial bank would cost about \$40,000 and through CMHC about \$34,000.

The company has a proposal from a commercial lender for a mortgage once the new site opens. The new site is scheduled to open June 2018 with a takeout mortgage expected to close July 2018

Staff is recommending a short-term loan be provided to Owen Sound Housing Company for \$800,000 with a 2% interest rate payable in full August 31, 2018. At the request of the County, Owen Sound Housing Company will provide a registrable charge/mortgage of land to secure the loaned amount.

Financial / Staffing / Legal / Information Technology Considerations

The \$800,000 loan is to be funded from the Housing Capital Reserve. The Housing Capital Reserve is projected to have a 2017 year-end balance of \$2,566,319.

Link to Strategic Goals / Priorities

Create and sustain affordable housing

Collaborate with public, stakeholders and other governments to improve delivery of county services

Respectfully submitted by,

Anne Marie Shaw
Director of Housing