

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	January 10, 2019
<b>Subject / Report No:</b>	HDR-CW-01-19
<b>Title:</b>	Request for Short Term Financial Assistance with an Affordable Housing Build
<b>Prepared by:</b>	Anne Marie Shaw, Director of Housing
<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	Recommendation adopted by the Committee of the Whole as presented as per Resolution CW21-19;

## Recommendation

1. That report HDR-CW-01-19 be received and that financial assistance be granted to the Owen Sound Housing Company Limited for the further development of the “Odawa Heights” rental housing development located at 2239 8<sup>th</sup> Avenue East, Owen Sound by way of a loan in the amount of \$330,000 for a term ending July 31, 2019 with interest payable at an annual rate of 2%; and
2. That an agreement be prepared between the Owen Sound Housing Company Limited and Grey County in respect of this loan, which agreement shall include the registration of a charge against the project land to secure its repayment; and
3. That a by-law be brought forward for County Council’s consideration.

## Executive Summary

The Owen Sound Housing Company (OSHC) is requesting a short-term loan for \$330,000 to assist with construction financing for the next phase of the Odawa Heights development. The next phase will be completed end of April 2019 and mortgage financing is expected to be finalized in June 2019. At that time, the County construction loan would be paid back at a rate of 2% interest.

## 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 256 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. OSHC built Bluewater Ridge consisting of 60 units of affordable and market housing in two phases; 23 units completed in 2009 and 37 units completed in 2011. Currently OSHC has site plan approval for Odawa Heights consisting of 90 units of affordable and market units. Twenty-eight units of housing were completed in 2018 and eight more units are currently under construction.

In 2018, Owen Sound Housing Company received funds under the (federal and provincial) Investment in Affordable Housing (IAH) program to develop phase two of Odawa Heights consisting of eight rental units, six of which are affordable and two are at market rent. The funds received through the IAH program in the amount of \$880,000 do not cover the total build. The IAH program will only fund up to 75% of the amount of the build or often less based on the funds available. The funds are released at certain points of the project; 50% at construction start, 40% at structural completion and 10% at occupancy. Construction financing is required to cover the gap between construction costs and permanent financing.

Pursuing construction financing requires items that require extra costs such as energy audits, land surveys and a capital cost verification program. This process will add extra financial costs and could hold up construction. As Owen Sound Housing Company is a non-profit housing provider, opportunity to save funding and provide timely access to funds for construction is important.

Owen Sound Housing Corporation is requesting a short-term construction loan for \$330,000 paid back in full by June 30, 2019. This would save them significant funds that are badly needed to provide more affordable housing. OSHC has also asked the City of Owen Sound to provide the same amount of funding for the needed construction financing. The County of Grey provided the same arrangement for funding for the first phase of the build, the loan was repaid with no issues or concerns.

Staff is recommending a short-term loan be provided to Owen Sound Housing Company for \$330,000 with a 2% interest rate payable in full June 30, 2019.

## Legal and Legislated Requirements

At the request of the County, Owen Sound Housing Company will provide a registrable charge/mortgage of land to secure the loaned amount.

An agreement with Owen Sound Housing Company and Grey County will be drafted for execution.

## Financial and Resource Implications

The \$330,000 loan funded from the Housing Capital Reserve. The Housing Capital Reserve is projected to have a 2018 year-end balance of \$1,776,923.

## Relevant Consultation

- Internal: Legal
- External:

## Appendices and Attachments

[Letter Owen Sound Housing Company Limited](#)

### **OWEN SOUND HOUSING COMPANY LIMITED**

c/o Unit 1, 700 Twenty-First Street East Owen Sound,  
Ontario.

N4K6W1

Telephone: (519) 376-0573

*DEC 12 2018*

November 28, 2018

County of Grey  
595 9th Avenue  
East Owen  
Sound, Ontario  
N4K 3E3

Attn: Anne Marie Shaw, Director of Housing

Dear Ms. Shaw:

At the monthly meeting of the Board of Directors, held October 30, 2018, the next phase of the Odawa Heights rental housing development was discussed.

The Board of Directors passed the following motion:

TO request consideration from the City of Owen Sound and the County of Grey equally in assisting with the construction financing of the next phase of the Odawa Heights development. Total construction financing is determined to be \$660,000.

The next phase of Odawa Heights is scheduled to be completed in April 2019. Owen Sound Housing's take out financing is hoped to be finalized in mid-June, once the 45 day holdback period is completed.

The Board of Directors continues to appreciate the ongoing support of the County with the development of affordable housing.

Thank you in advance for your consideration.



Shari Huber  
Executive  
Director