



Committee Report

To:	Chair McQueen and Members of Affordable Housing Task Force
Committee Date:	July 19, 2021
Subject / Report No:	HDR-AF-12-21
Title:	Lutheran Social Services Affordable Housing Proposal
Prepared by:	Anne Marie Shaw, Director of Housing
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That staff report HDR-AF-12-21 be received;
2. That \$3,000,000 in Affordable Housing Funding for a 32 unit affordable and attainable senior housing build through Lutheran Social Services Owen Sound be supported; and
3. That a by-law be brought forward for Council's consideration authorizing the Warden and Clerk to sign an agreement with Lutheran Social Services Owen Sound for County funds and an agreement for the Provincial funds for a 20 year forgivable loan through the Affordable Housing Fund.

Executive Summary

Lutheran Social Services Owen Sound (LSSOS) has proposed a 32 unit build of 20 affordable units and 12 attainable units for seniors located at 1035-1043-1057 3rd Avenue East in Owen Sound. Lutheran Social Services currently provide nonprofit housing, life lease and private market housing. The build would provide new, energy efficient and accessible much needed affordable housing. The cost to the County would be \$3,000,000 from the Affordable Housing Fund.

Background and Discussion

Lutheran Social Services Owen Sound has put forward a proposal to build 32 units of a mix of affordable and attainable housing for seniors on property they currently own located at 3rd Avenue East in Owen Sound. LSSOS currently provide 78 units of rent geared to income and market housing in Owen Sound, subsidized by Grey County. They recently built a life lease building for seniors and own other rental units/houses in Owen Sound.

Project Description

There are currently two smaller houses on a plot of land that will be demolished, and a five-story apartment building built. The land will be an in-kind contribution from Lutheran Social Services Owen Sound. They are proposing 20 affordable units and 12 attainable/market units. There will be a mix of one- and two-bedroom units. The affordable rents will be \$650 for a one bedroom and \$740 for a two bedroom. Attainable/Market unit prices have yet to be determined.

The units will be energy efficient with the use of energy saver appliances, high levels of insulation in the building will reduce heating and cooling costs and consideration is being given to ground source heat pumps for heating (near zero CO2 emissions). Universal design will be followed for accessibility and there will be 12 fully accessible units

Project Cost and Timeline

Lutheran Social Services worked with Grant Diemert to determine a cost estimate for the build. The total cost for the 32-unit apartment building is estimated to be \$9,870,000

Budget Item	Cost
Land	600,000 (included in total, donated)
Hard costs (Construction costs)	8,775,000
Soft Costs (Development costs)	660,000
Financing	150,000
HST (net rebate)	285,000
Total	9,870,000

The project would start Spring 2022 with an estimated completion date of Fall 2023. The Affordable units would be offered to tenants on the Grey County waitlist and the attainable units will be available for the general public.

LSSOS requires approval for the build now in order to meet the requirements of Provincial funding to be “shovel ready”. Once approval is provided LSSOS will move forward with planning approvals from the City and County and the design of the building. Once an agreement is entered into with the Province the proponent must start the build within 120 days so therefore must be far along in the planning and architectural process in order to qualify for Provincial funds.

Affordable Housing Fund

Currently the Affordable Housing Fund (AHF) has \$1,100,500 in total funds. Funds from the Province for building affordable housing are expected for 2022 but the amount is unknown at this time, \$500,000 was allotted in the previous year. Two properties for sale at Westmount are expected be sold for \$ \$550,000-\$600,000 in total.

Funds have been earmarked for a build with Lutheran Social Services in Owen Sound at \$150,000 for each affordable unit. This would require \$3,000,000 from the Affordable Housing Fund. The current rental build program through the Province provides up to \$150,000 a unit so this is in keeping with the current Provincial program.

Year	County Levy	Province	Divestment	Sub Total	Dispersed Funds	Total
2021	1,110,500		600,000	1,710,500		1,710,500
2022	622,700	500,000		2,833,200	2,833,200	0
2023	635,100	500,000		1,135,100	166,800	968,300

Lutheran Social Services is fully exempt from development charges under recent amendments to the County’s development charges by-laws, since it is considered a “not-for-profit developer”. A 32 unit development would require payment of development charges of \$142,304 if it was pursued by for-profit developer, unless they entered into a 20-year agreement mandated by the by-laws. to maintain the development as rental housing. Lutheran Social Services is not required to enter such an agreement.

The \$3,000,000 in funding will lower the monthly mortgage amount allowing unit rents to be affordable.

Legal and Legislated Requirements

The parcels of land require a Record of Site Condition be filed with the province before construction can start. This process is well underway with stage one being complete. Stage 2 has to be done and drilling for soil samples will commence next month. The cost of this is being borne by LSSOS.

The other corporation associated with the Lutheran Church is Lutheran Outreach Ministries. They own two of the lots and will agree to donate the use of these properties to LSSOS.

Two separate agreements will be entered into with Lutheran Social Services Owen Sound, one for the Provincial funds and one for County funds. The agreement states the funds are a forgivable loan in exchange for a minimum of 20 years of affordable housing units. The fund will be registered for security.

Financial and Resource Implications

\$3,000,000 required from the Affordable Housing Fund for this project. Funds will be dispersed upon meeting build timelines, 50% upon signing agreement and registration of security in April 2022, 40% at substantial completion and 10% at completion.

Relevant Consultation

- Internal (list)
- External (list) Lutheran Social Services Owen Sound

