



Committee Report

To:	Warden McQueen and Members of Grey County Council
Committee Date:	May 28, 2020
Subject / Report No:	HDR-CW-06-20
Title:	Short Term Loan Owen Sound Housing Company
Prepared by:	Anne Marie Shaw, Director of Housing
Reviewed by:	Kim Wingrove
Lower Tier(s) Affected:	All
Status:	Recommendation adopted by Committee as presented per Resolution CW101-20;

Recommendation

- 1. That Report HDR-CW-06-20 be received and that financial assistance be granted to Owen Sound Housing Company for the further development of the “Odawa Heights” units located at 2239 9th Avenue East, Owen Sound by way of a short term loan in the amount of \$3,250,000 for a maximum of a one year term with an interest payable at an annual rate of 2.00%; and**
- 2. That the policy on Short Term Loans for Affordable Builds by Non Profits be waived in this specific instance for the reasons listed in the report: and**
- 3. 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**
- 4. That a by-law be brought forward for County Council’s consideration**

Executive Summary

There is a great need for affordable housing in Grey County. Non-Profit housing providers are likely partners to develop affordable housing. Providing a short-term loan to a non-profit assists in keeping the cost of construction low enough to be able to offer low rents.

Background

There is a great need for affordable housing in Grey County. Non-profit housing providers are likely partners in developing rental stock as most Boards and staff have many years' experience in providing safe and affordable housing. Working with non-profits to increase the number of affordable housing units in Grey County is part of our 10 Year Housing and Homelessness Plan.

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 were completed in 2019

A barrier to developing affordable housing for a non-profit is keeping the cost of construction and operations low enough to be able to offer low rents. One area in which the County can assist is providing a short-term loan during the construction phase. Grey County Council approved a short-term loan policy in March 2019 for these requests. The policy states loans up to \$500,000 in one year can be approved. This amount works for the usual smaller affordable housing builds in Grey County. This large build due to extra funds being received from the Province is an exception to the norm. The City of Owen Sound has committed to providing a loan of \$3.1 million towards the \$13 million required to complete the build. OSHC cannot access infrastructure Ontario funds as there is currently a mortgage on the site from phase one and two. A traditional bank can be used but there are many fees involved in the process.

In 2019, Owen Sound Housing Company received funds under the (federal and provincial) Canada Ontario Community Housing Initiative (COCHI) to develop phase three of Odawa Heights consisting of 59 rental units, 43 of which are affordable and 16 at market rent. The funds received through the COCHI program in the amount of \$6.2 million does not cover the total build of approximately \$13 million. The funds are released at certain points of the project; 50% at construction start, 40% at structural

completion and 10% at occupancy. Financing is required to cover the gap between construction costs and permanent financing. Owen Sound Housing Company is requesting a short-term loan in the amount of \$3,250,000. The loan was originally requested for December of 2020 but due to COVID the project start date has been delayed. It is estimated the loan will be required in March 2021. The loan term is for a maximum of one year and staff are recommending an interest rate of 2.00%. The interest rate is based on a May 19, 2020, posted guaranteed investment certificate rate of 1.67% for a term of 24 months, plus 0.33%.

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 outlining the details of the loan will be drafted for execution.

Financial and Resource Implications

The \$3,250,000 loan will be funded from the County's reserves. The interest earned on the amounts loaned will be reflected in the General Administration investment income revenue line. Total interest revenue for each month the loan is outstanding is estimated to provide \$5,415 in investment income.

Relevant Consultation

- Internal: Finance
- External:

Appendices and Attachments

[Request for County Construction Financing](#)

[HDR-CW-05-19 Short Term Loan Policy for Affordable Builds by Non Profits](#)

Picture of OSHC ODAWA HEIGHTS

