



Committee Report

To:	Warden Milne and Members of Grey County Council
Committee Date:	February 23, 2023
Subject / Report No:	CSR-CW-06-23
Title:	Lutheran Social Services Rapid Housing Initiative
Prepared by:	Anne Marie Shaw, Director of Housing
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	All
Status:	Recommendation adopted by Committee as presented per Resolution CW37-23; Endorsed by County Council March 9, 2023, per Resolution CC21-23.

Recommendation

1. That staff report CSR-CW-06-23, regarding the Lutheran Social Services Rapid Housing Initiative, be received; and
2. That Grey County support Lutheran Social Services Owen Sound's application to the Rapid Housing Initiative through Canada Mortgage and Housing Corporation by a commitment to an operating subsidy for 20 years; and
3. That the operating funding required be supported through the \$3,000,000 previously committed to Lutheran Social Services Owen Sound for this affordable housing build; and
4. That action be taken prior to council approval as per Section 26.6 b of Procedural By-law 5134-22.

Executive Summary

Lutheran Social Services Owen Sound (LSSOS) has proposed a 40-unit build located at 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 much needed new, energy efficient and accessible affordable housing. LSSOS is applying for the Rapid Housing Initiative through Canada Mortgage and Housing Corporation. LSSOS requires up front capital funding and ongoing operating subsidy from the Service Manager (Grey County) to meet the eligibility requirements of the program.

Background and Discussion

LSSOS is a non profit housing provider that provides affordable housing for seniors, those with low income or living with disabilities. The organization has been in operation for over 30 years and is governed by a board of directors.

LSSOS is applying to the Rapid Housing Initiative (RHI) through the Canada Mortgage and Housing Initiative for capital funding for a 40-unit affordable housing build on property they currently own located at 3rd Avenue East in Owen Sound.

Rapid Housing Initiative

As part of the National Housing Strategy, the Rapid Housing Initiative provides funding to facilitate the rapid construction of new permanent affordable housing units for people and populations who are in severe housing need. The RHI program provides upfront capital for a build so low rental amounts can be achieved to meet the needs of residents in lowest income brackets.

Criteria for RHI Funding

Affordability

All units must be affordable (household is paying less than 30% of their before-tax income on housing costs or the shelter component of any provincial income assistance). It is estimated rents will be \$350-400. Affordability must be maintained for a minimum of 20 years.

Target Populations

All units will be dedicated to targeted people and populations who are vulnerable and who are also in severe housing need or people experiencing or at imminent risk of homelessness. They must be eligible to be on Grey County community housing waitlist.

Energy Efficiency

New construction projects must meet the energy efficiency standards set out in the National Energy Code for Buildings (NECB) or National Building Code (NBC).

Accessibility

New construction projects must exceed the local accessibility requirements in their jurisdiction by at least 5%.

Expediency

Projects must be able to start by August 2023 and be completed within 18 months.

Financial Viability

Non-profits must provide confirmation from a government source that operating and/or program/support subsidies have been secured to support the project's long-term viability. A minimum \$1,000,000 capital contribution must be provided.

Project Description

The proposed 40 units of housing will be for those on the Grey County Community Housing Wait List. The build will be a six floor apartment building. There will be 35 one bedroom units and five 2 bedroom units. The land is donated from LSSOS.

The units will be energy efficient with the use of energy saver appliances, high levels of insulation in the building to 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 30 accessible units.

Project Cost and Timeline

Lutheran Social Services worked with local firm G.M. Diemert Architect Inc. to determine a cost estimate for the build. The total cost for the 40-unit apartment building is estimated to be \$17,310,000. Hard costs \$16,300,000 and soft costs \$1,431,000.

To maintain a financially viable project and meet the requirements of the Rapid Housing Initiative, an operating subsidy must be provided.

Affordable Housing Fund

In 2021, the Affordable Housing Committee approved \$3,000,000 from the Affordable Housing Fund towards the build to be used as capital. [HDR-AF-12-21 Lutheran Social Services Affordable Housing Proposal](#) Up front capital funding and ongoing operating subsidies are required for an affordable housing project to be sustainable. Increasing costs to construction, land and higher interest rates make building affordable housing a challenge.

Staff are proposing the funds be divided so that \$1,600,000 will be used as up front capital funding and \$1,400,000 will provide an annual subsidy for 20 years to assist with operating costs. The \$3,000,000 will be used in a different manner than previously approved by council, if LSSOS is successful in obtaining capital funds through the RHI.

Currently the Affordable Housing Fund (AHF) reserve balance is expected to total to \$3,342,030 at year-end.

Year	County Levy	Proceeds From Sale of Family Units	Withdrawal for 14th St. Supportive Housing Project	Sub Total	Total
2021	1,110,500	347,330		1,457,830	1,457,830
2022	622,700	638,800		1,261,500	2,719,330
2023	622,700	\$600,000	(600,000)	622,700	3,342,030

Legal and Legislated Requirements

Restrictions on the County's use of Provincial and CMHC funds are established in funding agreements between the County and each funder.

Financial and Resource Implications

\$3,000,000 commitment is required from the Affordable Housing Fund for this project.

Capital funds of \$1,600,000 will be disbursed according to timelines of an agreement based on the progress of the build. The agreement will be in the form of a forgivable loan over 20 years and secured by a mortgage registered on title.

Operating funds totaling \$1,400,000 will be disbursed quarterly from the County for the next 20 years based on an operating agreement.

Relevant Consultation

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

Appendices and Attachments

