



# Staff Report to the Board - Bruce County Housing Corporation - For Direction

**Title:** BCHC Housing Development Planning

**From:** Tina Metcalfe  
Chief Executive Officer, Bruce County Housing Corporation

**Date:** June 20, 2024

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## Staff Recommendation:

That approval be granted to proceed with the exploration of land acquisition opportunities for the development of a multi-residential community housing build; and

That the acquisition of land for the project be within the inland region of Bruce County.

## Report Summary:

In the 2024 budget, \$1,500,000 has been allocated to resource the initial phase of a future community housing development by Bruce County Housing Corporation (BCHC) including the acquisition of land and initial soft costs of the same.

Recommendations within the report are based on the data contained within Bruce County's Local Data Resource Guide for Non-Profit Housing Developers, and key capital and operating considerations contained within the report.

Given the success of the BCHC 35-unit Penetangore Place Community Housing development, and the ability to capitalize on key learnings from the build, it is recommended that the future be similar in design.

However, the size of the parcel of land acquired, zoning, and available funding will also play key roles in determining the number of units that can be constructed.

## Background:

When assessing the location and type of a future community housing development, it is imperative to address deeply affordable housing needs.

Further, to consider the short and long-term capital and operational costs to ensure a future build is viable and sustainable.

## Community Housing Need:

Bruce County, as the Service system Manager for Housing and Homelessness, recently released a [Local Data Resource for Non-Profit Housing Providers](#) to help inform and support non-profit housing providers, including BCHC, in the development of deeply affordable housing.

Data outlined in the Local Data Resource was obtained from the 2016 and 2021 Census and provides reliable information about people and housing units in Canada by their demographic, social and economic characteristics.

Also referenced in the Local Data Resource is the KPMG Demographic Study completed in 2023, Bruce County's Community Housing Registry and By-Name List data, and a summary of existing community and deeply affordable rental housing stock.

Data contained with the Local Data Resource was aggregated within three distinct geographic regions in Bruce County, as follows:

Peninsula Region	<ul style="list-style-type: none"><li>• Municipality of Northern Bruce Peninsula</li><li>• Town of South Bruce Peninsula</li></ul>
Lakeshore Region	<ul style="list-style-type: none"><li>• Municipality of Kincardine</li><li>• Town of Saugeen Shores</li></ul>
Inland Region	<ul style="list-style-type: none"><li>• Municipality of Arran-Elderslie</li><li>• Municipality of Brockton</li><li>• Township of Huron-Kinloss</li><li>• Municipality of South Bruce</li></ul>

In summary, the Local Data Resource outlined the following:

- Low-income indicators demonstrate a need for more deeply affordable housing across all geographic regions in Bruce County, with slight prominence in the Inland Region.
- The 1000+ waitlist applications highlight the need for more deeply affordable housing.
- The by-name list identifies an ongoing need for supportive and transitional housing for people experiencing homelessness, who can often be missed in other population statistics.
- Ongoing collaboration with local municipalities, and increased collaboration with non-profit housing providers, and other community agencies is integral to supporting the development and provision of deeply affordable housing.

**Future Build Recommendations:**

The following recommendations are based on the data contained within Bruce County’s Local Data Resource Guide for Non-Profit Housing Developers and key capital and operating priorities outlined above and within Appendix A of this report.

<b>Build type</b>	Multi-residential apartment building with a combination of one-bedroom, two-bedroom, and 3-bedroom units. Options will include rent-geared-to-income, affordable and modest market units. Common space that allows for staff and community partners to support tenants will be included.
<b>Demographic</b>	Individuals and families who require various types of subsidies. Tenants may include seniors, low-income earners, residents living on social assistance, individuals with developmental or mental health and/or addiction concerns.
<b>Geographic Region</b>	Inland region of Bruce County with access to social infrastructure. *

\*Social Infrastructure refers to amenities, facilities, systems, and services that support the quality of life, stability, and well-being of residents.

**Draft Project Timeline:**

An overview of draft dates/milestones related to the build are as follows:

		2024		2025				2026			
Phase	Main Tasks	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Planning & Design										
2	Construction										
3	Inspection										
4	Occupancy										

**Phase 1 - Planning & Design**

Phase 1 involves the acquisition of land, planning and permit approvals and confirmation of site plan. The procurement of project management; design consultant for

architectural and sub-consultants; and confirmation of project scope and tender for construction.

### **Phase 2 - Construction**

Construction will be the longest phase of the project and the detailed timelines will be scoped based on the Design and Tender ready documents in Phase 1 and further updates will be provided to the board.

### **Phase 3 - Inspection**

Inspection will occur periodically throughout the construction phases as per the Design Consultant Schedule. The detailed timelines will be scoped based on the Design and Tender ready documents in Phase 1 and further updates will be provided to the board.

### **Phase 4 - Tenant Occupancy**

It is projected that tenants will occupy the building late 2026.

### **Long-term Property Portfolio Strategy Development:**

Looking ahead, BCHC will engage in a comprehensive 10-year portfolio planning process to evaluate existing assets and create long-term targets for the sustainment and development of community housing to maintain service level standards and support growth. A recommendation will be put forward for the 2025 budget for additional funds, if needed, to procure a consultant to complete this 10-year portfolio strategy.

### **Exploring Opportunities to Leverage Expertise:**

Staff are currently developing costing models related to community housing operational support to assess and identify strategies on how BCHC can collaborate on the growth of deeply affordable housing, through new and existing non-profit partnerships, across Bruce County.

### **Financial Considerations:**

To ensure a future BCHC future build is financially viable and sustainable, land acquisition and build priorities must include:

- Leveraging surplus land and development ready site opportunities (including servicing and zoning considerations).
- Exploring divestment opportunities to minimize initial capital costs and increase operational efficiencies.
- Leveraging all applicable federal and provincial funding opportunities.

- Incorporating energy efficiency, sustainability, and best practices for affordable housing operations, including current standardized BCHC operational practices.

The total amount of capital funding currently budgeted for a future BCHC development is as follows, noting that the 2025 budget will be revised as updated costing information about the project is received.

	2024	2025	2026
Land Acquisition and Design	\$1,500,000		
Current Build Budget		\$6,963,000	\$7,122,500

The current forecasted budget reflects the majority of the project being funded by grants and long-term debt. \$293,000 of the initial planning and design costs is to be funded by the Affordable Housing Program - Creation of New Units Reserve Fund which would have a \$2,374,959 remaining balance after this budgeted use. These funds will be reviewed for inclusion as further details of the estimated costs and eligible funding are reviewed.

A review of the residential component of the recent build in Kincardine suggests that a similar building which previously cost the County \$11.1 million dollars in 2019/2020 would increase to an estimated cost of \$18.9 million in 2024 dollars per the increase in the Building Construction Price Index.

A summary of additional capital and operational cost considerations is outlined in Appendix A of this report. A detailed pro forma will be shared with the BCHC Board of Directors once land acquisition and design costs are determined for this project.

**Interdepartmental Consultation:**

Staff from Finance and Facilities were consulted on this report.

**Link to Strategic Goals and Objectives:**

Goal: Build a strong and inclusive community.

Objective: Increase housing options and encourage innovative solutions.

**Report Author:**

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Chief Executive Officer

**Approved for Submission:**

Christine MacDonald  
Chief Administrative Officer

## Appendix A: Capital and Operational Cost Considerations

Potential funding opportunities to support a future BCHC build may include:

<b>Provincial</b>  Ontario’s Housing Renewal Strategy	<b>The Canada-Ontario Community Housing Initiative (COCHI)</b> provides funding to repair, regenerate and expand community housing so tenants can live in a home that is affordable.  <b>The Ontario Priorities Housing Initiative (OPHI)</b> is to increase supply and to provide an appropriate mix of affordable and adequate housing; to improve access to affordable housing and supports that meet needs to achieve housing stability; and to improve efficiency of the community housing system to ensure value for money and long-term sustainability.
<b>Federal</b>  Canada Mortgage and Housing Corporation (CMHC)	<b>Seed Funding</b> provides financial assistance to help community housing providers with the costs of early development activities related to the predevelopment costs of building a new affordable housing project or renovating an existing affordable housing project. <b>The Affordable Housing Fund</b> (previously known as National Housing Co-investment Fund) provides capital to partnered organizations* for new affordable housing and the renovation and repair of existing affordable and community housing. Funds are provided as low-interest and/or forgivable loans and contributions. The federal government intends to announce reforms to the Affordable Housing Fund in early 2024. <b>The Rapid Housing Initiative</b> provides capital contributions for the rapid construction of new housing and/or acquisition of existing buildings for rehabilitation or conversion to permanent affordable housing.

### End of mortgage reinvestment opportunities

BCHC currently holds external mortgages for 5 buildings and has internally financed the remaining balances of 2 additional buildings. As of the end of 2023, the outstanding external and internal mortgages total just over \$12.5 million dollars. 6 of the 7 mortgages/debentures will be paid off by 2030, leaving an outstanding balance of \$8,442,444. Annual payments at this time will be \$281,053.

### Regeneration strategies

To ensure ongoing operational sustainability, consideration must be given to explore opportunities to condense properties and re-invest in larger scale new developments in the portfolio.

## Leveraging surplus land opportunities

Exploring the availability of county or municipal surplus lands, ideally development ready, to reduce land acquisition and development costs is an important consideration with this future build.

Staff from Bruce County's Planning and Development department are currently completing an analysis of surplus land, and together with municipal partners will explore opportunities that would be suitable for the next community housing development project.

Key to the usage of surplus lands will be ensuring that social infrastructure such as schools, community centres, recreational spaces, medical care, and mental health supports are near the future project. This holistic approach ensures future tenants will be well supported and fosters a sense of community.

## Ensuring ongoing financial and operational viability

Ensuring financial and operational viability in both the short-term and long-term is crucial for the future development's ability to create a sustained positive impact. In April of 2022, staff provided an overview of the [Penetangore Place/Hub Capital Build - Final Report \(escribemeetings.com\)](https://www.escribemeetings.com), outlining the project's capital costs and ongoing operating costs. The report was intended to inform discussions and analysis regarding the type, scope, and impact of future initiatives related to affordable housing programs and supports.

The following is a summary of the provincial and federal funding support received for the residential portion of the build, noting that this is just an example and does not necessarily reflect the current funding opportunities or the significant increase experienced in construction costs over the last 5 years:

### Penetangore Development Contributions and Loans

Program	Amount
<b>Co-Investment</b>	
Loan	\$9,500,000
Grant	\$700,000
Seed Grant	\$50,000
<b>Investment in Affordable Housing (IAH)</b>	\$1,000,000
<b>Social Infrastructure Funding (SIF)</b>	\$300,000
<b>Ontario Priorities Housing Initiative (OPHI)</b>	\$450,000
Municipal Capital Contribution	\$2,300,000
Ongoing Operating (annual)	\$600,000

Note: amounts are rounded to nearest 50,000