



Presentation for Special Meeting of Council

Town of The Blue Mountains, May 24, 2023

BMAHC Board of Directors

Purpose

The Blue Mountains Attainable Housing Corporation (BMAHC) provides this report to Council to summarize the strategies, activities, and outcomes of the period from 2019 to March 31, 2023 (Q1-2023) and to secure Council direction and decisions on the following:

- Purpose/role for BMAHC going forward
- Gateway site next-step options

Following the presentation, discussion and feedback provided by Council, BMAHC recommends that the Board of Directors and key TBM Staff prepare a final report for Council with a goal to present scenarios for next-step decision making.

Agenda

- BMAHC Overview
- Early History
- Recent History
- Financial Summary (5-year BMAHC Administration)
- Investment Summary (Gateway Project)
- Achievements and Lessons Learned
- BMAHC Paths Forward
- TBM Paths Forward
- Discussion & Recommendations

BMAHC Overview

BMAHC is a not-for-profit corporation with a mandate to facilitate the supply of suitable, adequate, attainable, and sustainable ownership and rental units in The Town of The Blue Mountains (TBM) that are accessible to a larger portion of the population, in a financially prudent manner that supports economic development and workforce development.

BMAHC's [2019 Conceptual Business Model](#) included goals to develop 100-200 attainable rental units (in east and west portions of TBM) and 50 attainable ownership units over a 5-year period.

Incorporated on September 4, 2013, BMAHC has a unique governance structure, which has remained largely unchanged to date. TBM, as Municipal Member, has a controlling interest and an obligation to elect seven (7) Public Directors and two (2) Municipal Directors to manage the affairs of the Corporation.

2022/23 Board of Directors: Gavin Leitch (Chair), Patrick Gourlay (Treasurer), Carolyn Letourneau (Secretary), Janet Findlay, Robert Hamilton, Michael Schaefer, Andrew Siegwart, Andrea Matrosovs (Municipal Director), Shawn McKinlay (Municipal Director)

Early History

Focus: Ownership and Financial Assistance Programs

2009 – TBM forms Housing Committee of Council

2010 – Attainable Housing Needs Study conducted

2013 – Town approves the incorporation of The Blue Mountains Attainable Housing Corporation (BMAHC) as a municipal services corporation to provide housing as an economic development service taking on the duties, activities and role of the Town Housing Committee

Early operating funding was provided via a grant from density bonusing of \$120K with first generation programming that included grants for the construction of secondary suites and down payment assistance loans to support home purchases.

Recent History

Focus: Purpose Built Rental and Development

2018 – New TBM Council elected in Fall 2018 with a community-aligned mandate to address the growing housing crisis.

2019 - New Mission & Goals - Consulting engagement with Strategy Corp, including community & development industry consultation, resulting in the [2019 Conceptual Business Model](#).

- *Build:* 100-200 attainable rental, 50 attainable ownership units.
- *Facilitate:* community, government, development partner & business sector stakeholders to deliver goals.
- *Serve:* working population, seniors, tourism workforce, local residents, business community.
- *Attract:* inclusive community including families & younger people
- *Champion:* local planning policy to incentivize attainable housing, aligning with key stakeholders.
- *Design:* eligibility criteria and outreach to end-users
- *Sustain:* through Town initial financial support, broader government funding, philanthropy & operational revenues.

Recent History

2019 - Define Development Model & Secure Sites - [Request for Information \(RFI\)](#) engagement with Strategy Corp, BMAHC and TBM (including consultation with residents, development industry and community leaders) identified:

- Preferred development model: Own/Operate to ensure long term affordability of units, increase ability to secure public sector grants, less-costly financing
- Viable development sites: 171 King Street East & Grey Rd. 19.

The Town had purchased the 171 King Street East site as a potential attainable housing site and an opportunity to control the use, design and streetscape opportunities along the Highway 26 corridor (see [TBM Staff Report](#)).

- The property was zoned for commercial ground floor use, with residential units above and a maximum of 3 storeys.
- BMAHC understood that the Property purchase would be financed by the Town with debt.

BMAHC proceeded to commission site studies and conceptual plans for 171 King St. E.

Recent History

2020 – Pre-construction Activities

- Strategy Corp engaged to apply for key grant applications (CMHC – Seed funding and FCM – Green municipal fund)
- Executive Director hired
- Site investigations commence (e.g., noise, odour, soil)
- Request made by BMAHC to TBM for Official Plan and Zoning Bylaw amendments. At the time, TBM Planning Director advised against a proactive OP/ZBA and recommended a community engagement process that would lead to a site plan specific application .
- Concept plans developed and shared with community for input
- Formation of Gateway Project Design Guidelines Task Force
- BMAHC enters into \$100K Operating Loan Agreement with TBM, with a term to May 30, 2022. This agreement was intended to provide interim cash flow to BMAHC until special assessment funds from Grey County (\$1.2 million) became available for Corporation's use. (see [TBM Staff Report](#))
- RFPQ for Design Builder issued.

Recent History

2021 – Municipal Finance/Investment Partnerships

- Operating Loan Agreement increased to \$440K, with the understanding it was to be refinanced from permanent Gateway financing instead of Grey County funds in order for BMAHC to be self-sufficient sooner. Agreement structure & term date of May 2022 were not changed to reflect the new understanding and expected construction timeline/completion date. (See [TBM Staff Report](#))
- Gateway Project scope further refined by task force recommendations, consulting advice, pro-forma projections which indicated a need for 80 units to reach financial viability, complete with commercial space and market housing units as additional requirements.
- Architectural design and planning work undertaken.
- Environmental Site Assessment Phase 1 Study commissioned
- In October 2021. BMAHC requested the operating loan for \$1.2 million to align with anticipated County assessment funds, to be forgivable in recognition of financial implications of decision-making (see [Deputation](#)) Council requested a TBM Staff Report to contemplate this along with other financial contribution requests.

Recent History

2022 - Responding to Market Pressures/Alignment Challenges

- Pre-construction work & valuable community consultation took longer than BMAHC expected (pandemic effect and consultant and staff turnover).
- Further deterioration in the local and regional rental market (reduced supply, dramatic rental increases).
- To manage risk and accelerate timeline, BMAHC adapts plan scope to more closely fit into existing zoning bylaw, reduce height/expand site footprint.
- Council approves increase to Operating Loan Agreement to \$1.2 million, term extended to Nov 2023. Note that BMAHC had requested a longer term and that some or all be forgivable consistent with the request in October 2021 (see [TBM Staff Report](#)).
- 171 King Street East land transfer from TBM to BMAHC approved by Council in July. The transfer was never initiated by Town staff (see [TBM Staff Report](#))
- Request for Proposal (RFP) to select a Design-Builder undertaken with decision delayed until new Council in place and Municipal Directors appointed.

Recent History

2023 - Responsible Decision Making & Re-Alignment

RFP process concluded with BMAHC deciding not to award contract Factors included:

- Receipt of 1 bid only (limited competitiveness/choice) which significantly exceeded project budget.
- Rapid inflationary pressure on construction sector due to Pandemic/supply chain/labour shortage.
- Reduced CMHC National Housing Co-Investment funding.
- Lack of success in receiving provincial funding.
- Rapid growth of interest rates in 2022.
- Land transfer not initiated by TBM.
- Reticence of Council to appoint Municipal Directors signaled misalignment between controlling member (TBM) and BMAHC, as well as a risk of TBM not maintaining financial commitments (i.e., Operating Loan Agreement).

Recognized need to pause, assess, re-align with Town in order to either:

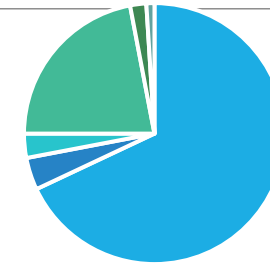
- Realize some Gateway Project outcomes to recover expenditures through a project adaptation, or
- Consider a more fulsome BMAHC/Town halt and strategic pivot, maximizing the value appreciation of the lands, as well as volunteer/staff contributions

Financial Summary - 5-Year BMAHC Administration

EXPENSES – 2019 to 3/31/23

Administration	\$533,460	68%
Marketing	\$28,488	4%
Interest/Service Charges	\$26,493	3%
Professional Fees	\$175,532	22%
Rental	\$14,623	2%
Secondary Suite Grant	\$10,000	1%
Total	\$788,596	100%

Expenses

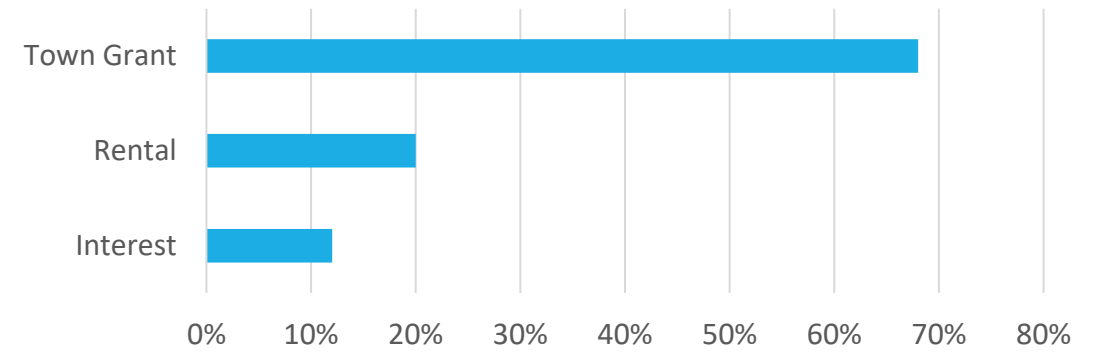


■ Admin ■ Marketing ■ Interest ■ Professional Fees ■ Rental ■ Grants

REVENUE – 2019 to 3/31/23

Interest	\$ 10,966	12%
Rental	\$ 17,770	20%
Town Grant	\$ 60,000	68%
Total	\$88,666	100%

Revenue



Town Loan

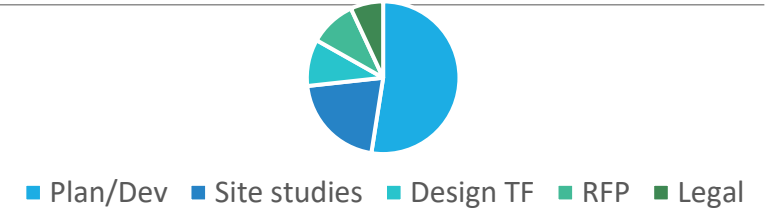
Operating Loan / Interest	\$740,319	
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Investment Summary - Gateway Project

COSTS – 2019 to 3/31/23

Planning & Development	\$ 236,739	53%
Site Studies	\$ 94,813	21%
Taskforce Design Guidelines	\$ 43,633	10%
Design-Build RFP	\$ 44,056	10%
Legal	\$ 31,150	7%
TOTAL	\$ 450,390	100%

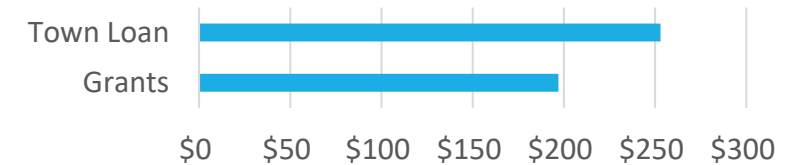
Costs



PROJECT FUNDING SOURCES – 2019 to 3/31/23

CMHC + FCM Grants	\$ 196,953	44%
Town Operating Loan	\$ 253,437	56%
TOTAL	\$ 450,390	100%

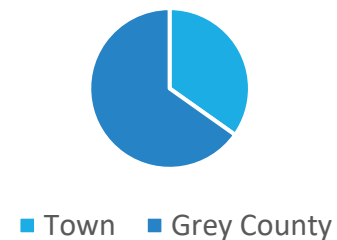
Project Funding



INVESTMENT & VALUATION of 171 King St. E

Town	\$ 608,647	35%
Grey County	\$ 1,139,845	65%
TOTAL	\$ 1,748,492	100%
Appraised Value April 2022	\$ 3,975,000	127% gross increase
Appraised Value less cost	\$ 2,226,508	27% net increase

Investors



Property Value



Achievements

- Gained significant knowledge and experience with respect to design / build development process & 171 King Street East property.
- Completed site reports and plans that have added value to 171 King Street East property.
- Engaged with community during strategic and site planning initiatives.
- Acquired assets, developed processes to operate housing and serve end-users.
- Supported Town with development industry consultation.
- Poised and capable to deliver solutions, once strategic alignment with Town is achieved.

Lessons Learned

- Key partners (developer, municipality, community) must be aligned on vision, mission, strategy and tactics – active collaboration and participation among partners needed to maintain alignment.
- Bold mixed-use projects bring design/build complexity, increased costs, expanded timelines, and longer-term financing framework needs.
- Sites and projects chosen that don't align with official plans and zoning bylaws, require accelerated approvals processes.
- Understanding of the corporate veil may have contributed to communication gaps among BMAHC and Town.
- Unpredictable funding frameworks reduce stability and increase risk.
- Changes in direction increase timelines, expand need for consultants, impact costs.

BMAHC Paths Forward

1. Confirm Relationship with Town & Assess Corporate Structure:

- Status quo.
- Co-create minor or major adaptations to governance, volunteers, delivery models and funding.
- Pause or wind-down corporation.

2. Conduct Updated Purpose, Strategy & Asset/Funding Model for the Organization:

- Primary developer and/or project partner (land/asset ownership and management)
- Program development and management (resale management, setting attainable rents, eligibility criteria, waitlist administration, monitoring)
- Policy advice and consulting for Town (facilitate Town's attainable housing and other planning strategies)
- Municipal or regional scope

3. Gateway Site Decision Making:

Option 1 - Adapt & Advance Gateway Project: on current site to leverage the development planning outputs, repay portion of Town loan, update the project scope to reflect market/cost realities (e.g., smaller unit count/less costly design and footprint, migrate from mixed-use to residential-only, etc.), explore revenue tools.

Option 2 - End Gateway Project: provide all assets, including site studies, to Town. While this path would not recover outstanding loans

TBM Paths Forward

- 1. Reconfirm aligned attainable housing vision and strategy for Town:**
 - Refresh data, continue funding model exploration, continue Official Plan Review, continue land inventory
- 2. Determine desired BMAHC & Town roles & delivery models going forward:**
 - Maintain BMAHC (arms-length, not-for-profit, majority membership governance structure, primary developer) - status quo, adapt governance structure as needed or wind-down
 - Dissolve BMAHC to bring attainable housing mandate in-house to be operated by Town administration
 - Hybrid model to increase Council control, decision making and leverage Town staff capability.
 - Primary Focus on Town planning policy and incentives for development industry.
 - Explore development of new partnership models with:
 - Existing and new not-for-profits/social enterprise in the housing space
 - Regional upper- and lower-tier municipalities
 - Examine funding models for attainable housing development activities (note *ICSP Bold Action 16*).

TBM Paths Forward

- 3. Advise Board on key Gateway Site decisions as controlling BMAHC member and primary funder:**
 - Adapt & Advance Gateway Project: Transfer lands to BMAHC, support an adapted scope (e.g., planning frameworks), new contribution agreement/timeline for loan repayment, recommit funding, deliver attainable housing units
 - End Gateway Project: Leverage land and development assets value increase (\$2, 226, 000) to cover liabilities and repurpose site for new use.

- 4. Make decisions and provide direction.**

Discussion & Recommendations

BMAHC would like to receive feedback and questions from Councilors with respect to their desired next steps on the following:

- Purpose & Role of BMAHC going forward
- Preliminary thoughts on Gateway Site options, decisions needed

Recommendation:

Following preliminary feedback session today, BMAHC recommends that its Board and Key TBM staff convene a planning session in order to prepare a final report for Council with a goal to present scenario options in order to secure key next-step decisions.



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