



Staff Report

Administration – Chief Administrative Officer

Report To: Committee of the Whole
Meeting Date: April 20, 2021
Report Number: FAF.21.059
Title: Ownership Structure Options for 171 King Street for The Blue Mountains Attainable Housing Corporation Gateway Project
Prepared by: Shawn Everitt, Chief Administrative Officer

A. Recommendations

THAT Council receive Staff Report FAF.21.059, entitled “Ownership Structure Options for 171 King Street for The Blue Mountains Attainable Housing Corporation Gateway Project”;

AND THAT Council consider the following options provided by staff as a follow up to The Blue Mountains Attainable Housing Corporation deputation to Committee of the Whole on March 9, 2021;

AND THAT Council select option___ as the preferred option and basis for staff to proceed with negotiations with The Blue Mountains Attainable Housing Corporation Board as the Terms and Conditions of ownership for 171 King Street;

AND THAT Council direct staff to bring a Staff Report to a future Committee of the Whole meeting that provides the details of the Terms and Conditions of Ownership for 171 King Street based on option ___ selected by Council.

B. Overview

This report outlines options for Council to consider the future ownership of 171 King Street in relation to the proposed Attainable Housing Gateway Project.

C. Background

During the March 9, 2021 deputation by The Blue Mountains Attainable Housing Corporation, there was discussion that additional community consultation relating to the request for financial assistance and request to consider waiving of specific municipal fees.

A series of reports that are related to The Blue Mountains Attainable Housing Corporation are being presented for information and Council consideration at the April 20, 2021 Committee of the Whole meeting.

The Town and The Blue Mountains Attainable Housing Corporation have had a relationship over the past 7 years. This relationship structure has been outlined in staff report FAF.21.038.

This report is being presented to Council for consideration after a fulsome and detailed request was presented by The Blue Mountains Attainable Housing Corporation at the March 9, 2021 Committee of the Whole meeting, and a staff recommendation to bring forward a report to provide financial background and rationale for the various options being provided for Council consideration related to the funding request. The subject of ownership was not specifically identified in the March 9, 2021 deputation; however, staff feel compelled to bring this report forward for Council to consider the options of potential ownership models moving forward.

Town staff are looking for direction from Council on how to proceed with negotiations with The Blue Mountains Attainable Housing Board with regard to the long-term structure of land ownership of 171 King Street (former Foodland Site).

D. Analysis

The Town purchased 171 King Street in 2019 for \$1,600,000 and is the current owner. In addition to the purchase of the land, the Town led and funded the demolition of the former grocery store structure on the property in 2020 at a total cost of \$60,162.50. The Town also funded all the legal and real estate costs for the transfer of lands into the Town's land inventory at a total cost of \$65,559.77. In total, and including the unfinanced debt carrying costs, the Town currently has \$1,748,492.51 outstanding in unfinanced debt directly related to 171 King Street. Staff report FAF.21.058 provides Council with options related to how to move forward with financing these costs.

Town staff acknowledge that, over the past number of months, there have been a number of discussions between the Town and The Blue Mountains Attainable Housing Corporation Executive Director regarding the interest that The Blue Mountains Attainable Housing Corporation has in utilizing the site and the ownership options of 171 King Street moving forward. As the Attainable Housing Gateway Project matures and our community looks to the Town and The Blue Mountains Attainable Housing Corporation to move forward with expanding the range and stock of housing options within the Town through this project.

Staff note that The Blue Mountains Attainable Housing Corporation may prefer to have ownership of 171 King Street transferred to The Blue Mountains Attainable Housing Corporation. The key aspect to this preference being that The Blue Mountains Attainable Housing Corporation would have the land as an asset, which could be used as collateral for future funding. The Blue Mountains Attainable Housing Corporation Executive Director advises that they will have a higher level of success securing funds and be more appealing to lending sources from external parties if the land was owned by The Blue Mountains Attainable Housing Corporation. Significant funding is required for the Attainable Housing Gateway Project as current estimates are in the \$19,000,000 for construction with an overall funding requirement of \$30,000,000 being anticipated.

Whether the Town continues to own the property, or the ownership of the property gets transferred by appropriate means to The Blue Mountains Attainable Housing Corporation, staff believe that there is long term benefit in considering the option to enter into a Municipal Capital Facility Agreement with The Blue Mountains Attainable Housing Corporation. This model is consistent with the current agreement the Town has with the North East Grey Medical Group for the Thornbury Medical Clinic.

The benefits of this model can be realized both in the short term and long term. In the short term, the status of Municipal Capital Facility provides for the consideration of Development Charges being waived for the attainable units. Over the long term, the property may be eligible for property taxes exemption for the attainable units and providing for long term financial savings to assist with overall annual operations. However, this option does not provide The Blue Mountains Attainable Housing Corporation with the desired asset of land ownership.

Other arrangements for efficiencies in operations, similar to the Thornbury Medical Clinic, could be considered for such operational efficiencies as snow removal and grass maintenance being provided by the Town.

In general, the key consideration for Council is whether the Town will retain ownership of 171 King Street or transfer the property to The Blue Mountains Attainable Housing Corporation.

Ownership options for Council to consider are identified in Attachment 1, 2, 3 and 4 of this report.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

None at this time.

G. Financial Impacts

Expenses Relating to 171 King Street to Date	Funding Provided
Purchase of 171 King Street	\$1,600,000
Demolition of Structure and Cost for Diversion of Waste and Materials	\$60,162.20
Legal and Land Transfer Costs	\$65,559.77
Carrying Costs to Date	\$22,770.54
Total Acquisition and Demolition Costs	\$1,748,492.51
Hydro Costs Prior to Demolition	\$9,078.70
Total Expenses to Date	\$1,757,571.21
Loss of Property Taxes	\$18,348.51 Town Share \$3,991.32 County Share \$ 3,894.69 Education Share \$10,462.50
Total Loss of Property Tax Specific to the Town	\$3,991.31
Grand Total	\$1,761,562.52

Staff note that, based on the information in staff report FAF.21.058 outlining the funding options and where the Town would utilize the \$1,139,845.61 from Grey County to reduce the overall debt of the purchase of the land being \$1,748,492.51, the remaining \$608,646.90 would be funded by the Capital Levy Reserve and no future carrying costs would be incurred.

Hydro costs and loss of property tax revenue have not been included in the \$1,748,492.51 purchase and demolition costs.

Hydro costs could be included in the overall calculation of expenses bringing the total costs to \$1,757,571.21, therefore leaving the remaining \$617,725.60 being funded by the Capital Levy Reserve and no future carrying costs would be incurred.

Some limitations that may be found with regard to the Municipal Capital Facility concept is as follows and was provided by the Town's Director of Legal Service. The requirements of a Municipal Capital Facility as outlined in Section 7 of O.Reg. 603/06 related to Municipal Housing Facilities reads:

Restrictions, municipal housing facilities

7. (1) For the purposes of [sections 2](#) and [3](#), a municipality may enter into an agreement respecting municipal capital facilities described in paragraph 18 of [subsection 2 \(1\)](#) only if,

- (a) before the by-law authorizing the agreement is enacted, the municipality has enacted a municipal housing facility by-law that complies with subsection (2); and
- (b) the municipality has determined that all the housing units to be provided as part of the municipal capital facilities fall within the definition of "affordable housing" contained in the municipal housing facility by-law;
- (c) Revoked: O. Reg. 151/16, s. 1.

(2) A municipal housing facility by-law shall contain at least the following:

- 1. A definition of "affordable housing".
- 2. Policies regarding public eligibility for the housing units to be provided as part of the municipal capital facilities.
- 3. A summary of the provisions that agreements respecting municipal capital facilities described in paragraph 18 of [subsection 2 \(1\)](#) are required to contain. O. Reg. 603/06, s. 7 (2).

Specifically, it uses the words "affordable housing" and so any By-law passed to authorize a Municipal Capital Facility agreement would have to use "affordable housing" as the defined term. That being said, the Town is free to define that term as we see fit in the by-law and could mimic that which The Blue Mountains Attainable Housing Corporation has already created. This is a defensible and rationale determination of defining the Term "Affordable"

Staff recommend that additional information will be required once more details are determined on what the actual Gateway Project will be comprised of and on the basis of the number of Market Unit, Commercial/Office use on first floor and the actual Attainable Units.

Staff look for Council's indulgence that, if the Municipal Capital Facility model is to be considered, staff will take opportunity to review opportunities that may provide rationale to consider waiving of fees that are specific to the Attainable Housing Units and suggest that full costs are applied for the Market Units and the potential Commercial/Office Units on the ground floor.

H. In Consultation With

Ruth Prince, Director of Financial and IT Services

Sam Dinsmore, Manager of Budgets and Accounting

Will Thomson, Director of Legal Services

Sharon McCormick, Executive Director of The Blue Mountain Attainable Housing Corporation

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Shawn Everitt at cao@thebluemountains.ca.

J. Attached

1. Ownership Option 1
2. Ownership Option 2
3. Ownership Option 3
4. Ownership Option 4
5. Hemson Consulting Ltd Opinion

Respectfully submitted,

Shawn Everitt
Chief Administrative Officer

For more information, please contact:
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Report Approval Details

Document Title:	Ownership Structure Options for 171 King Street for The BMAHC Gateway Project FAF.21.059.docx
Attachments:	<ul style="list-style-type: none">- Att 1 - Ownership Option 1.pdf- Att 2 - Ownership Option 2.pdf- Att 3 - Ownership Option 3.pdf- Att 4 - Ownership Option 4.pdf- Att 5 - Hemson Consulting Ltd Opinion.pdf
Final Approval Date:	Apr 14, 2021

This report and all of its attachments were approved and signed as outlined below:

Shawn Everitt - Apr 14, 2021 - 10:55 AM