



The Blue Mountains Attainable Housing Corporation

Public Webinar - October 28, 2021

NEED FOR HOUSING IN THE BLUE MOUNTAINS

The Town of the Blue Mountains is a growing community with an aging population, whereas youth and young adults are seeing a negative growth rate of 15% and 20% respectively over five-year periods

As these age groups represent future labour force, retaining and growing working age populations in The Blue Mountains is critical to its economic sustainability

The recent decline in the population of younger age groups can be attributed to a lack of diverse housing stock and affordable housing options.

Statistics Canada defines "income spent on shelter" as the proportion of a household's average monthly income which is spent on housing costs – housing affordability is reached when housing costs are less than 30% of before-tax household income. Statistics Canada defines "income spent on shelter" as the proportion of a household's average monthly income which is spent on housing costs

SOME STATISTICS

When factored for 2021 using the Consumer Price Index for Ontario between 2015 and 2021, the following are some key benchmarks relating to income in The Blue Mountains:

| | 2015 | 2021 |
|--|------------|------------|
| Average household income | \$ 122,199 | \$ 137,718 |
| Average household income (Single-person household) | \$ 75,816 | \$ 85,445 |
| Median household income (one-person household) | \$ 41,433 | \$ 47,460 |

THE GATEWAY PROJECT

The Gateway project will be BMAHC's first new development, located at 171 King Street East in Thornbury.

Following modelling for one or two buildings, 3- to 5- storeys on the site, consultation with Town stakeholders and financial viability have landed on a preliminary model that estimates 84 purpose-built rental housing units in one 4-storey building.

The housing mix presents units from one- to three-bedrooms. Over 50% of units (estimated at 44 units) are planned to be offered at attainable rent levels.

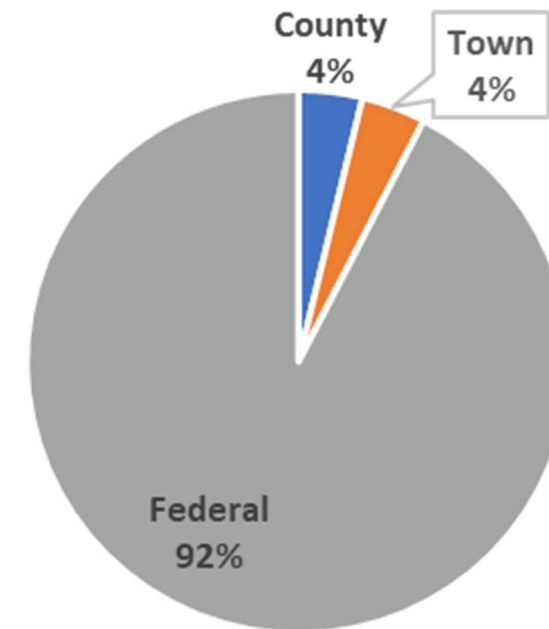
Half the street-connected floor is earmarked to provide approximately 12,500 of non-residential space. This space provides an opportunity to rent 10,000 sq.ft. to commercial activities and entities in the Town including, if required, the Town itself for community-connected services and Town staff use.

THE GATEWAY PROJECT – CAPITAL BUDGET

PROJECT COSTS

| | |
|----------------------------|----------------------|
| Design & Legal | \$ 3,830,737 |
| Fees and permits | \$ 2,342,104 |
| Construction | \$ 28,388,994 |
| Land | \$ 1,600,000 |
| HST (net) | \$ 558,064 |
| Total Project Costs | \$ 36,719,899 |

SOURCE OF CAPITAL INVESTMENT BY LEVEL OF GOVERNMENT



THE GATEWAY PROJECT – RENT LEVELS

PROJECTED ATTAINABLE RENT LEVELS

| | Attainable Rent | Rent attainable to households earning (annual) | Rent attainable to households earning (full-time, hourly) |
|---------------|-----------------|--|---|
| One-bedroom | \$ 966 | \$ 38,640 | \$21.23 |
| Two-bedroom | \$ 1,086 | \$ 43,440 | \$23.87 |
| Three-bedroom | \$ 1,975 | \$ 79,000 | \$43.41 |

PROJECTED MARKET RENT LEVELS

| | Market Rent | Rent attainable to households earning (annual) | Rent attainable to households earning (full-time, hourly) |
|-----------------|-------------|--|---|
| One-bedroom | \$ 1,950 | \$ 78,000 | \$42.86 |
| Two-bedroom | \$ 2,250 | \$ 90,000 | \$49.45 |
| Three-bedroom | \$ 2,950 | \$ 118,000 | \$64.84 |
| Non-Residential | \$22/sq.ft | | |

THE GATEWAY PROJECT – OPERATIONS

ANNUAL OPERATING REVENUE AND EXPENSES

| | |
|--------------------------|------------------|
| Revenue | \$ 1,832,621 |
| Less: Operating expenses | \$ 753,836 |
| Less: Debt servicing | \$ 1,036,097 |
| Net surplus | <u>\$ 42,687</u> |

PROPOSED INVESTMENTS BY THE TOWN OF BLUE MOUNTAINS

| INVESTMENT | SOURCE OF FUNDS FOR INVESTMENT |
|---|--|
| One time grant equal to 100% TBM DC charged on Attainable Units: \$850,000 | Opportunity Cost of Reserved Rental units: \$2.6M New DC levy |
| Land Sale to BMAHC for \$1: \$1.8M | County Contribution: \$1.2M |
| One time grant equal to Building permit and planning fees collected: \$200,000 | Existing Building permit fee reserves |
| 10,000 sq ft commercial lease for 20 years at \$22/sq.ft. 10 years - triple net: \$1.78M | Present Value of alternate 10,000 sq.ft. of market rate lease for 10 years (if it could be found): \$1.6M |
| Forgive \$1.2M operating loan | Present Value (PV) of Property Tax revenue (estimated PV over 10 years): \$836,728 |
| Total Contribution | PV of Total Sources of Funds |
| Total to 2022: \$4,050,000 | \$6,236,832 not including proposed attainable housing DC revenue source |
| Total to first 10 years of operation: \$5,830,000 | |

ENSURING SUCCESS AND RETURN ON INVESTMENT

All investments subject to a Contribution Agreement between the Town and BMAHC

All investments to be repaid if BMAHC fails to achieve attainable rental units per the Contribution Agreement

Town may have 5 attainable and 5 market units “reserved” for Town referrals

Town may have first right of refusal on up to 10,000 sq.ft. of non-residential space at time of leasing of such space

INVESTMENTS WITH A LOW BURDEN ON THE TAX BASE

We ask that the Town consider implementing a new development charge to support the development of attainable housing in The Blue Mountains, with first use to fund the requested investments.

This charge could potentially also support funding of the newly approved Community Improvement Plan.

A revised development charge bylaw would incorporate development charge exemptions in the development of new attainable housing units, pending funds are available and the attainable housing project is financially supported by other levels of government.

DISCUSSION
