

The Blue Mountains Attainable Housing Corporation



Figure 1 Street View of "Subject Site" 171 King Street East, Thornbury

**Providing Attainable Housing for
The Blue Mountains Community**

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The challenge – filling a need

Blue Mountains Attainable Housing Corporation (BMAHC) was created in response to a longstanding housing affordability challenge in the town, first formally identified in the “Sustainable Path” vision document of 2012. The stock of affordable rental and ownership housing in TBM has drastically reduced in favour of single-family residences with the Town of The Blue Mountains average listing price now well in excess of \$1M. Many factors have contributed to this shortfall as identified in housing needs studies conducted by The Town of The Blue Mountains in 2010 and more recently in a further study by the Southern Georgian Bay Tourism Labour Task Force in 2018. Housing affordability is repeatedly identified by employers in the Four County Labour Market Planning Board annual surveys as one of the top challenges resulting in a labour shortage consistently being experienced in the area.

The housing market in The Town of Blue Mountains has not been able to adequately accommodate the housing needs of the working-age and senior populations. While population projections for 2016-2046 from the County of Grey's Growth Management Strategy indicate that the population of Blue Mountains is expected to increase steadily, the age of the population will be impacted by the growth of the population aged 70 and up (from 16% to 26% of the total population).

Recently, the Town of The Blue Mountains has experienced a troubling decline in the number of young adults with a negative growth rate as the population declined from 17.6% in 2006 to 14.6% in 2016. During that same period, the population of youth had an even more significant decline by 21.3%. This signifies an outflow of the working age population in The Blue Mountains.

The combined labour force in the Blue Mountains, namely older adults, young adults and youth are still significant despite declining over the last decade. This demonstrates a great need for more attainable housing, as the decline in the population of these age groups may be attributed to a lack of diverse housing stock and affordable housing options. Other factors contributing to a reduction in younger, ultimately working-age populations in Ontario include cutbacks in government services that have resulted in fewer recreational, employment, and educational resources for teenagers in rural communities.

Statistics Canada defines "income spent on shelter" as the proportion of a household's average monthly income which is spent on housing costs. These housing costs include the monthly rent or mortgage payments, property taxes, the cost of utilities, and the cost of other municipal services. Canadian Mortgage and Housing Corporation defines affordable housing as housing that costs less than 30% of before-tax household income.

In 2015, 23.0% of all households in the Blue Mountains (720 households) were spending 30% or more of their household income on housing costs, which is slightly less than in the Province of Ontario (27.7%). While the proportion of households in the Blue Mountains who are facing housing affordability issues is lower, this still indicates that a significant number of households facing housing affordability issues.

In 2015, the average household income of the Blue Mountains' households was \$122,199. Using the increase in the consumer price index (CPI) for Ontario between 2015 December and 2021 July (12.7%), the total average household income for all households in the Blue Mountains in 2021 is estimated at \$137,718.

However, one-person households have significantly lower incomes. For example, in 2015, the average household income for one-person households in the Blue Mountains was \$75,816, and the estimated average household income for 2021 is \$85,445. Furthermore, the estimated median household income for one-person households in 2021 is \$47,460. This data indicates the need to build more affordable housing options that cater to one-person households, including many young adults in the working population.

According to Statistics Canada, there were 490 renter households in the Blue Mountains in 2016, making up 15.0% of all households in the town and increasing from 460 in 2006. However, there is a minimal supply of rental housing in the Blue Mountains, and the data is significantly distorted by units available for seasonal and short term accommodation rentals only at high monthly rates.

As noted in the South Georgian Bay Tourism Industry Workforce Housing Research and Business Case from 2018 also noted the lack of rental housing in the town. The secondary rental market is a good source of rental units as it offers a more diverse supply than apartment and townhouse units in the primary rental market. However, the secondary rental market teams are usually more expensive (except secondary suites) and generally less stable as units can be taken off the market more easily by landlords. For example, in South Georgian Bay, rents for a one-bedroom apartment can go up to \$1,295 and \$1,500 for a two-bedroom, based on a point-in-time count of the listings on Facebook Marketplace. These rents are higher than the average rent in the primary rental market (One-Bed: \$836; Two-Bed: \$1,046).

Of all renter households in the Blue Mountains, 41.5% were facing housing affordability issues. This may be partly since most of these renter households live in the secondary rental market, where rents tend to be less affordable. In addition, 45.7% of all tenant households in the Province of Ontario were facing housing affordability issues.

This further demonstrates the need for more rental housing, which is affordable to households with lower incomes, particularly smaller housing options. In addition, given the low rental housing stock and low vacancy rates in the Blue Mountains, this also shows a need to expand the supply of purpose-built rental housing in general.

Altogether these issues illustrate a need for more diverse housing options to be introduced to the market, as well as a need for the housing options to be attainable for tourism employees, service-based other key workers such as firefighters and educators. Further, Attainable housing provides a solution to fill the gap between subsidized housing and market housing that is not currently being met by the private sector.

Attainable housing is near or below market housing that is nonsubsidized at a middle-income price point.

Vision Statement

***We aspire to create attainable housing for the workforce
serving and living in the Blue Mountain Community***

The background - Blue Mountains Attainable Housing Corporation

In January 2014, The Blue Mountains Attainable Housing Corporation (BMAHC) was established as a not-for-profit corporation with majority control held by The Town of The Blue Mountains, to augment the supply of healthy and sustainable ownership housing units in The Blue Mountains, with the goal of providing housing to moderate income working individuals and families locked out of the housing market. BMAHC was created to expand rental and home ownership opportunities and create choice in the Blue Mountains' market so that more working families and individuals can live where they work, and retirees can remain in the community in which they have been working.

The BMAHC board is comprised of up to nine directors, two of whom are sitting members of council; the remaining directors are committed volunteers each bringing their own expertise, experience and passion to address the affordability of housing to foster a sustainable community.

Why build attainable housing in The Blue Mountains?

Attainability challenges can cause negative impacts on the social determinants of health for a community, with housing sustainability is a key indicator of the quality of life for residents. The consequences of not creating attainable housing can include increased personal and household stress as well as reducing spending in other sectors of the economy which has a direct impact on the local economy, particularly in local economies that are seasonal.

Providing attainable housing options in the Blue Mountains will create opportunities to achieve a variety of social and economic benefits to households including the following:

- There are fewer concerns over balancing a household monthly budget that is strained by housing costs that drives that stress, affecting mental health.
- Attainable housing has positive outcomes regarding housing stability as households are not at risk of homelessness, foreclosure, frequent moves, or being at-risk of these conditions.
- The provision of attainable housing will create housing options that reflect the life cycle of individual's and families; the housing stock would accommodate young low-income families and new professionals typically do not have the earning power for market housing as well as seniors who are past their prime working years.
- Households that are not burdened by housing costs are able to use a greater portion of their income on goods and services such as better food, clothing, or leisure.

Providing attainable housing options in the Blue Mountains will also help alleviate other fiscal pressures on the Town of The Blue Mountains budget by providing essential housing options for the town's essential services employees where needed. Pressure to provide those services and the costs of not doing so were recently presented to Council in a Staff report.

In accordance with the Strategic Objectives and General Development Policies of the Blue Mountain Official Plan, the development of attainable housing in the Blue Mountains will facilitate the development of compact urban form in a manner which:

- *Promotes a compact urban form and develop an energy-efficient mix of land uses, where appropriate, to provide liveable, healthy communities.*
- *Provide an appropriate mix of housing types, community facilities, commercial and service uses, and open spaces.*
- *Provide the opportunity to create compact neighbourhoods with a range of services that includes necessary amenities and transportation options and affords equitable access to the ingredients of what makes for economically and socially viable neighbourhoods.*

The balance of the benefits of attainable housing are related to how diverse housing options can

contribute to a growth of workers in service sectors and access to sustainable employment opportunities:

- Corporations can draw from an adequate pool of talent if their workers can afford to live in a city, this also creates the opportunity for companies to expand operations locally.
- The attainable affordable housing can lead to the retention of skilled workers in local sectors that contribute to economic growth.
- Many employers are seeking confirmation of housing affordability for their staff when considering new locations.

The mandate of the Blue Mountains Attainable Housing Corporation is to develop new housing for moderate income households. This will ensure that the Town of The Blue Mountains is able to retain the workforce that supports the area's economy, including a vital tourism and hospitality industry. Blue Mountain Attainable Housing Corporation defines attainability as housing for households with incomes in the range of 50 to 130% of the local median income (approximately \$40,000 to \$100,000 per annum.).

The Gateway project - building and program features

The Gateway project is expected to provide approximately 84 rental apartment units - a split of 40 market rate and 44 attainable units, primarily targeted to local members of the town's workforce. All 84 units will be self-contained apartments. Subject to more detailed architectural work now under way, the building will house 35 one-, 43 two- and 6 three-bedroom units, with kitchens and private bathrooms contained in a well-built four-story structure.

The ground floor of the building will contain approximately 12,500 square feet of street connected space, 10,000 sq.ft. of which will be available to be leased back to the Town of Blue Mountains and up to 2,500 sq.ft. to be used by BMAHC. The building is also expected to contain community-building amenity space, distributed throughout the building, the layout and placement of which is still to be determined.

The proposed development will provide sufficient parking for sustainable operation of both the residential and non-residential components. The plan will allow for community building landscaping and outdoor gathering spaces to facilitate the Gateway role that the building will represent to the Town. BMAHC intends to work with a car sharing company to provide car sharing services to local residents and the community.



Figure 2 Aerial View of Subject Site

How will the Town benefit from the Gateway project?

Community partnerships

Blue Mountains Attainable Housing Corporation has had preliminary conversations with key stakeholders in the employment and social services sector to identify opportunities for collaboration that will support successful tenancies for future residents. The following notable potential partnerships have emerged because of these conversations:

- **Events for Life** provides Independent Living Skills for adults with special needs. BMAHC will establish a referral agreement for residential tenancy of people they support, in addition to leasing up to 500 sq.ft. of program space for their social programs.
- **Blue Mountains Resort** offers a diverse range of employment opportunities in the town's hospitality sector on seasonal and year-round bases. The Resort currently allocates a limited proportion of beds to its summer and winter employees. BMAHC is intending to establish a referral agreement or head lease arrangement with the Resort, to allow adequate accommodation for its staff throughout the year.
- **Town of The Blue Mountains** employs key administrative and essential workers that support the operations of the municipality, some of which operate on a volunteer basis (firefighters for example). It is proposed that BMAHC and Town of The Blue Mountains establish a referral agreement or head lease agreement to help facilitate adequate housing for municipal employees.
- **Other Area Businesses** are now being contacted by BMAHC to establish referral agreements or head lease agreements.

While these discussions are preliminary, the opportunities being considered indicate a need for housing that can meet the diverse housing needs of existing residents, while supporting the retention of key workers in vital sectors within the Town of The Blue Mountains.

Potential additional space for Town offices

The amount of non-residential space is assumed to be approximately 50% of the ground floor, or 12,500 sq. ft. While the particular use of the non-residential space will be determined as we advance the design process, the project currently contemplates that the space may be used to address the need for much needed commercial space in the Thornbury community, including the Town's own needs for staff office space. There is also an opportunity for BMAHC to help the Town meet its needs for additional space for administrative operations or a community-based touch point for municipal services.

How might the Town Co-Invest in the Project?

Throughout the developed world and here in Canada, senior levels of government moved away from assisting affordable housing developments in the 1990s, leaving responsibility to municipalities. Cities now struggling with major housing crises such as New York, Los Angeles, Vancouver and Toronto, as well as towns and resort communities such as Whistler, have since learned that the market will not build affordable housing. As well, there is a growing consensus that prices will not eventually drop if enough market-rate supply is built. The market alone cannot be a solution to the housing crisis. Government subsidies are required, and are now being made available in Canada through the CMHC National Housing Co-Investment Fund.

Building purpose-built rental multi-residential facilities is increasingly becoming an unsustainable market endeavour for developers in today's market; building attainable rental is therefore that much more financially difficult.

Federal programs such as the Canada Mortgage and Housing Corporation's (CMHC) National Housing Co-Investment Fund (NHC) and Rental Construction Financing Initiative (RCFI) are certainly helpful in increasing the financial feasibility of project,s but as the name of the aforementioned program implies, co-investment from other levels of government are critical to both eligibility and improved granting outcomes from the funder.

With and in addition to the social outcomes mentioned above, BMAHC has identified sources of funding to offset all of the funding requests below. A table demonstrating these amounts may be found below.

Subject to and conditional on the terms and conditions of a contribution agreement and BMAHC continuing to serve the attainable housing needs of the community, BMAHC requests that the Townof The Blue Mountains invest in the Project in the following ways:

- Reinvestment of Local development charges collected (including water/stormwater): \$850,000
- Contribution of land and demolition costs for the project: \$1,800,000
- Reinvestment of Municipal planning and permit fees for the project: \$200,000
- BMAHC operating loan forgiveness for pre-construction and non capitalized expenses: \$1.2M
- Future Reinvestment of the local level property tax on the attainable units: \$420,000 over 10 years

The above funding would be contingent on completing the project as intended and maintaining attainable rent levels for a minimum period of 20 years.

In addition, BMAHC would like to formally offer 10,000 sq.ft. of street-connected shell space for lease to the Town of The Blue Mountains at a rate of \$22/sq.ft. triple net.

Summary of investments

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 Proposed attainable housing DC revenue source
Conditional 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	Proposed attainable housing DC revenue source
Annual grant beginning in 2024 (estimated) equal to Property Tax on Attainable residential units (PV over 10 years): \$418,364	Present Value (PV) of Property Tax revenue on Residential Market Rent Units (PV over 10 years): \$418,364
10,000 sq ft commercial lease for 20 years at \$22/sq.ft. 10 years - triple net: \$1.78M	Present Value of 10,000 sq.ft. of market rate lease for 10 years (if it could be found): \$1.6 M
Forgive \$1.2M operating loan	Proposed attainable housing DC revenue source
Total Contribution Total to 2022: \$4,050,000 Total to first 10 years of operation: \$6,248,364	PV of Total Sources of Funds Total to \$5,818,364 not including proposed attainable housing DC revenue source

The Town has a number of funding sources identified above to assist in the funding of these recommended co-investments:

- \$1.2 Million already received from the County of Grey as part of the Town's share of 2018 new assessment increases. The County has required that these monies be used to support attainable housing in the Town. We understand that these monies are already earmarked to fund the initial land acquisition by the Town of the Gateway site.
- The Town should consider the establishment of a new Development Charge levy for new developments specifically targeted to fund the new Town CIP as well as specific new attainable housing initiatives like this investment. This new DC fee could be implemented in 2023 well in advance of the need to fund the grants noted above. The Town could choose to also have this new DC fee applied to only those new units built that are not attainable, thereby creating a further incentive for developers to build attainable units.
- The Gateway project will bring an additional \$418,000 per year of tax revenue associated with the market rent units in the building. This revenue is new revenue to the Town that would not occur in the absence of the Gateway building, as there have been no purpose built rental buildings erected in the Town for many years and none are on the planning books to date.
- The Town is being offered an allocation of both market and attainable rental units that can be used by the Town to attract and retain staff and essential service providers in the Town. Our PV of that benefit is calculated using the assumption that this benefit would allow the Town to retain one essential worker on a volunteer basis (fire services for instance) each year.

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