

## **Township of Southgate**

### **Administration Office**

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## **Staff Report CAO2022-015**

**Title of Report:** New Medical Centre Affordable Housing Project Option Report

**Department:** Administration

**Council Date:** April 6, 2022

### **Council Recommendation:**

**Be it resolved that** Council receive staff report CAO2022-015 as information; and

**That** Council discuss this proposal and direct staff on how we should proceed with the consideration of constructing 10 Affordable Housing units as an additional floor in the new Dundalk South-East Grey Community Health Centre building as a dedicated space for 10 units of affordable residential space; and

**That** Council direct staff (insert option statements below).

**Clause option #1** – to look into financing the Affordable Housing Project through Infrastructure Ontario to fund the cost for the life of the loan.

**Clause option #2** – to look into financing the Affordable Housing Project through Infrastructure Ontario to fund the cost until the Affordable Attainable Housing Committee is able to develop plans for a Local Mortgage and Housing Corporation can be established to take over the responsibility of the loan and the project.

**Clause option #3** – to not consider the Affordable Housing Project at this time.

### **Background:**

The Affordable Attainable Housing Committee have created a lot of discussions about residential options in Southgate. One of the options and discussions that came to light was the addition of one floor in the new Dundalk South-East Grey Community Health Centre dedicated to affordable housing. Allan Madden has been engaged in the discussions and created a draft funding model and plan that would create 10 units of residential apartments at a size of 650 square feet per unit.

### **Staff Comments:**

Staff have been exploring ways to make this opportunity to create 10 affordable housing units as part of the new SEGCHC Dundalk build. We have had discussions with South-East Grey Support Services (SEGSS) and they do not want to take this project on with the other work and planning they have underway. SEGSS are working on a plan and agreement with the Dundalk Lions Club to transition the Lions Medical Building to affordable housing in 2024 when SEGCHC vacates the

property. Further discussions and when the agreement is final, it will come before Council for approval because of our ownership of the lands.

The Affordable Housing project for 10 units as dedicated floor space in the new Medical Centre is much needed as a project in Dundalk. What is proposed in this report is the Township could fund the project until such time as the Affordable Attainable Housing Committee can complete the work to establish a Mortgage and Housing Corporation that would then have proper entity to fund and manage these types of long-term residential projects.

The community of Carlington near Ottawa undertook a similar project on a much larger scale. The following is a link to a copy of a news article on the project: <https://ottawamagazine.com/homes/design/under-one-roof-wellness-and-sustainability-at-carlington-community-health-centre/>

#### Project Benefits:

- Provide 10 units of affordable housing rental space;
- Would become a long-term Township asset once the mortgage is paid off in 30 years that would more than cover the operating costs and future maintenance upgrade work; and
- The Township is projected by 2023 when the funding would be required to have collected over \$600,000 in DC reserve fees for the New Medical Centre project.

#### Project Concerns:

- This project would tie up Southgate borrowing capacity until the local Mortgage and Housing Corporation could be established to take over the project.

### **Financial Impact or Long Term Implications**

There is no financial impact as a result of this report at this point in time. The Township has no funding in the 2022 budget for this type of project. Southgate has been collecting Development Charges (DC) for a Medical Clinic Building targeted at a total recoverable amount of \$675,000.00 (see Attachment #1), with \$443,729.12 collected as of the end of 2021. The Township could investigate with our consultant and give consideration for using this funding to support the medical centre and this project.

The other issues related to the Township is the Township's capacity to borrow funds to complete long term capital projects and new asset investments. This capacity is reported as our annual repayment limit and for Southgate at the present time it is \$2.2 million dollars which we are not close to.

*Financial look at New Medical Centre Affordable Housing Floor Project Plan:*

See the attached financial report included in this staff report as Attachment #2

**Project Proposal:**

Project Construction Cost Estimate (7500 sq ft x \$475)	\$3,500,000.00
First Monthly Payment for financing the entire project	\$16,993.26/month
Cost Recovery for Rent per month for 10 units	\$1,699.33/unit

Option 1 presents the estimated cost of construction for the addition floor in the New Medical Centre for 10 residential apartment units at 650 square feet each. The total build area including hallway would be 7,500 square feet. The first monthly payment is calculated at \$16,993.261 and is lower each month thereafter. The report also establishes the payback rent at \$1,699.33 per month.

**Option 1:**

Option 2 is based 10 units all at a monthly affordable rent of \$600.00 per month, which is what social assistance allows. To support the construction with the rental income proposed the project would require a \$2,250,000.00 loan through Infrastructure Ontario at 4.14% for 30 years. It would cost the Township \$10,085.11 with the rental income included as the monthly payment until 2052 as presented. If the Medical Centre Building DC funding is contributed to this project scenario the loan would be \$1,650,000.00 with a monthly payment of \$8,061.36 plus the monthly rental income.

Rental Cost – 10 units at \$600/month/unit with social assistance.

Monthly rental income	\$6,000.00/month
Project Loan requirement to cover unfunded dollars	\$2,250,000.00
First Monthly Payment for this option	\$10,993.26/month
Project Loan with DC funds to cover unfunded dollars	\$1,650,000.00
First Monthly Payment for this option	\$8,061.36/month

**Option 2:**

Option 3 is based 5 units all at a monthly affordable rent of \$600.00 per month, which is what social assistance allows and 5 units at \$1,220 per month. To support the construction with the rental income proposed the project would require a \$1,630,000.00 loan through Infrastructure Ontario at 4.14% for 30 years. It would cost the Township \$7,893.26 with the rental income included as the monthly payment until 2052 as presented. If the Medical Centre Building DC funding is contributed to this project scenario the loan would be \$1,030,000.00 with a monthly payment of \$4,987.75 plus the monthly rental income.

Rental Cost – 5 units at \$608/month/unit with social assistance and  
5 units at \$1,220/month/unit.

Monthly rental income	\$9,100.00/month
Project Loan requirement	\$1,630,000.00
First Monthly Payment for this option	\$7,893.26/month
Project Loan with DC funds to cover unfunded dollars	\$1,030,000.00
First Monthly Payment for this option	\$4,987.75/month

**Operational Costs:**

Note, the scenarios presented above do not include utilities or building maintenance costs. To get a sense of those costs we consulted with Grey Housing Director Anne Marie Shaw for some numbers. The following are utility and building costs for their 11 unit complex in Dundalk they manage being the following:

- Natural Gas for heat \$ 2,695
- Electricity \$13,346
- Water & Sewers \$ 3,712
- Supplies \$ 2,000
- Pest control \$ 300
- Life safety systems \$ 1,582 (systems checked 2 times a year + repairs)
- Appliances \$ 800
- Repairs \$1000-2000
- Snow removal \$ 4,570
- Staffing \$15,000 (daily cleaning, minor repairs) does not include property management
- Taxes \$ 7,953
- Insurance \$ ?? (estimated at \$5,000)

These County costs are bundled for their buildings.

**Total Cost \$59,958.00 per year**

**Monthly Cost per Unit \$491.32 per unit**

**Communications & Community Action Plan Impact:**

This report has been written and presented to Council to communicate accurate information to the public.

**Goal 3 - Promoting Health Services and Housing Choices**

**Action 3:**

The residents and businesses of Southgate envision a caring community which meets the needs of all ages and incomes for a healthy and comfortable life, even as our population grows and changes.

**Strategic Initiatives 3-A (2019-2023):**

By means of appropriate policies, incentives and development partners, the Township will facilitate a significant increase in the supply and variety of both rental and purchase housing/accommodation within Southgate.

### **Concluding Comments**

1. That Council receive this report as information.
2. That Council provide direction on how staff should proceed with the new Medical Centre Affordable Housing Proposal.

Respectfully Submitted,

**Planner approval:** Original Signed By Clint Stredwick – Municipal Planner  
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**CAO approval:** Original Signed By Dave Milliner – CAO  
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- Attachment 1 – Southgate 2017 DC Report - Medical Clinic Building  
DC Calculation
- Attachment 2 – Financing Proposal for 10 Unit Affordable Housing Project  
dated March 29, 2022