

A development concept to utilize municipal and other properties to expand affordable and supportive housing options in the Municipality of Kincardine

September 16, 2024

Executive Summary

We applaud the Municipality of Kincardine, Bruce County and local service agencies for their proactive collaboration in pursuing solutions to the housing crisis faced by many residents. Flourish offers this development concept after reviewing your community's needs and reflecting on our experience developing a spectrum of supportive and affordable housing – particularly through Indwell.

A focused meeting with Municipality of Kincardine staff, the Bruce County Housing Service Manager, and local service agencies and nonprofits identified a significant challenge in the Municipality of Kincardine: a lack of suitable housing for individuals transitioning out of emergency housing, as well as for lower-income and service industry workers. This study suggests a potential path to develop supportive and affordable housing in the Municipality of Kincardine, leveraging municipally owned properties and potentially a private land option.

Flourish proposes two development options: a Community Partner-led project at 705 Princes St., a municipally owned property, which aims to create 34 affordable units, and a mixed-rental building targeting 86 units on a privately owned property. For the 705 Princes site, the funding strategy foresees a proponent like Women's House or Community Living contribute as well as a municipal or County capital investment leveraging Federal capital grants, which in turn are used to attract Provincial capital and operating funding. For the private land development option, we suggest the municipality, County, or local service agency could act as the owner, engaging a capable non-profit as developer/operator of a mixed-rental building.

We hope that this report will provide a starting framework for increasing much needed affordable and supportive housing in the Municipality of Kincardine. Flourish is keen to continue our engagement with the Municipality, Bruce County and local service agencies, sharing our experience turning housing dreams into real homes.

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1 Introduction

The Municipality of Kincardine, in partnership with Bruce County, Women's House and Community Living, has engaged Flourish to develop a business plan for creating much-needed affordable housing in the Municipality of Kincardine. This study explores the potential of both municipally owned and a private property of a potential partner. The goal of this report is to provide a *pro forma* for developing affordable and mixed-rental units in the community, aligning with key funding sources and available resources in the community.

Flourish is anchoring this report in our experience developing Indwell's proven affordable and supportive housing programs in municipalities across Ontario. We are also reflecting the direct input from municipal and Bruce County staff and service providers from the Municipality of Kincardine and Grey-Bruce gathered during a meeting in Kincardine in July 2024. There is significant capability and willingness to collaborate in delivering solutions within the community. There is also a clear consensus that new affordable housing, particularly for smaller household sizes, is critically needed as these types of accommodation are extremely limited in the Municipality of Kincardine.

2 Summary of Meeting and Goals of Group

Through a focused meeting with municipal staff, Bruce County Housing Service Manager, and local service agencies and non-profits including Women's House Serving Bruce and Grey (Women's House), Community Living, and Russell Meadows, it was identified that a key challenge in the community is suitable housing for people leaving emergency housing such as operated by Women's House. Another key shortage is housing available to lower-income and service industry workers. Municipality of Kincardine and surrounding areas within Bruce County have a high average household income, particularly due to attracting retirees and having Bruce Power as the dominant employer with higher-than-average wages.

Municipality of Kincardine's housing stock is also primarily 2 or 3-bedroom family units, with very few bachelor and one-bedroom options. These factors contribute to high rental costs and limited availability of suitable housing for lower income workers, whether in service, hospitality, healthcare, or other industries.

Through collaboration and leveraging of municipally owned and potentially private sites, the group is interested in developing affordable housing. Below is a summary of key takeaways from the meeting with the group.

Women's House Serving Bruce and Grey

- Women's House provides a safe space to women and children escaping violence and abuse. Women's House operates a shelter in the Municipality of Kincardine and has Second Stage Housing units across Grey-Bruce. Their key goal through the proposed development is to provide an exit path into long-

term affordable housing options for women who are leaving shelter or Second Stage Housing.

- The group agreed Women's House would be well positioned as the lead for a proposed development
- Women's House could see developing 30-40 units without fundamentally changing their operations. Consideration of much larger projects or more significant numbers of units would require a strategic review of priorities, capabilities, and other operational factors.

Community Living

- Community Living supports individuals with developmental disabilities living in the municipalities of Kincardine and Huron-Kinlos. They currently operate 19 supportive units in the Municipality of Kincardine and are looking for opportunities to build or operate more supportive units.
- Community Living is interested in developing up to 10 units

Russell Meadows

- Russell Meadows is a non-profit housing organization operating 35 units in the Municipality of Kincardine. Their board has not authorized further new development, but they are interested in being involved in supporting community initiatives to grow the affordable and attainable housing stock.

Bruce County Housing

- Bruce County operates over 700 units, both affordable and moderate market
- Recently opened a 35-unit building, Penetangore Place, in the Municipality of Kincardine consisting of affordable units, rent-geared-to-income and market rental units
- Bruce County is looking to develop housing in other Bruce County municipalities, currently focusing on an in-land build, before developing more units in the Municipality of Kincardine
- Housing Service Manager identified that housing waitlists suggest one-beds are the highest in demand
- Bruce County also administers other housing programs like the Homeownership Program, Home Repair Program, Rent Supplement program, Tenant Support, and more (<https://www.brucecounty.on.ca/housing-services>)
- Bruce County Housing Service Manager is working with the groups in a supportive role

Private Landowner and Potential Partner

- Has been developing a large new development property in the south-east corner of the Municipality of Kincardine
- Direct discussion with the owner has identified their interest in selling the 3 apartment blocks at the site plan-ready stage for approximately \$6.7M

- Proposed apartment buildings could be up to 8 stories, with approximately 90 units per building
- A Proponent would need to develop and finance the construction projects
- The group is interested in developing one apartment block

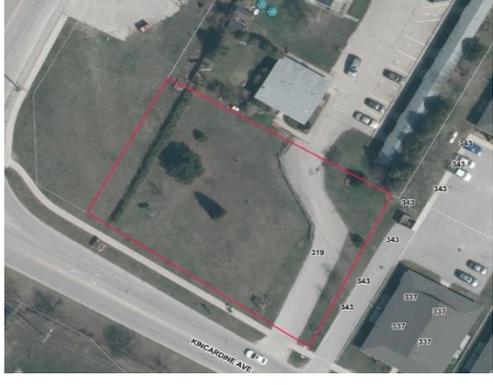
Identified Goals of the Group

1. Examine the opportunity to develop housing on Municipal sites with Women's House, Community Living or another community partner as the Proponent (owner/operator)
2. Examine the opportunity to work with a private developer who has land available with 3 apartment buildings of approximately 90 units per building, Site Plan ready and fully serviced. The group is interested in a mixed-rental *pro forma* for one building on this land with potential to scale and replicate in the future
3. Proposed Women's House, Community Living, or other community partner-led development would target 30-40 affordable units, primarily studio and one-bedroom apartments

3 Municipally Owned Site Development Option

3.1 Review of Municipally Owned Sites

The Municipality of Kincardine recently completed an initial assessment of surplus municipal sites and identified which might be suitable for affordable housing developments. Flourish has reviewed these sites based on the characteristics of the site including lot size, proximity to urban and community spaces, development readiness, and density potential.

Site	Picture	Site Characteristics	Priority of Development
Elgin Market Site & Former Landfill		<ul style="list-style-type: none"> • Large open field, likely used currently by neighborhood for play/recreation • Next to elementary school • Surrounded by single family homes, 1-2 stories • Former landfill; potential for complicated, expensive, and time-consuming environmental remediation • Good location for a multi-unit project prioritizing family units, but needs plan for MECP Record of Site Condition with risk management measures 	Low priority
Entrance to Motel on Kincardine Avenue		<ul style="list-style-type: none"> • Smaller lot to work with; might be best for small row of townhomes/stacked townhomes • Also need clearer understanding of access to adjacent motel • Unclear if Record of Site Condition or other environmental requirements would cause delays 	Low priority

<p>Bruce Power Training Centre, former W.E. Thompson School</p>		<ul style="list-style-type: none"> • Underutilized parking lot with sufficient space for infill development • Higher density development would fit well with the scale of the surrounding area (nearby 3-storey lodge, church, former school building) • Close to parks, downtown, and other retail/businesses • Optimal location for infill housing or community housing project given access, walkability, employment opportunities, etc. • Recommend considering the opportunity to convert former W.E. Thompson School to affordable and housing 	<p>High priority</p>
<p>Blackwell Park</p>		<ul style="list-style-type: none"> • Park surrounded by single family detached and townhomes • Low potential for higher density development due to site access, servicing, and NIMBY • Could develop a portion of the park in the same style as townhomes or stacked townhomes 	<p>Medium priority</p>

<p>Highway 21 and Russell Street Property</p>		<ul style="list-style-type: none"> • Greenfield development site that is currently not serviced • Good location for future development once other infrastructure, access, etc. Is in place • Suitable for higher-density project in combination with potential commercial uses or public-benefit services. 	<p>Medium priority</p>
<p>Tiverton Cemetery Expansion</p>		<ul style="list-style-type: none"> • Excellent location for medium-density workforce housing given proximity to Bruce Power • Site servicing needs to be adequately considered and available to support further development 	<p>Medium priority</p>

3.2 Recommended Municipal Property for Development

Based on the group's goal of timely development of affordable units and providing longer-term housing solutions, we recommend prioritizing the Bruce Power Training Centre property on Princes Street. We believe this location can accommodate 30-40 units through an infill project without overwhelming the surrounding neighborhood, taking advantage of land area that may otherwise be underutilized.

We used an Indwell development, Blossom Park Apartments in Woodstock, as a representative project to guide this consideration. That project has 34 one-bedroom units, common areas for tenant and community activities, staff offices, and storage facilities. These designs could be contextualized quite readily to the Princes St. lands, but they should not be considered prescriptive. The designs are the basis for costing and site plan considerations.

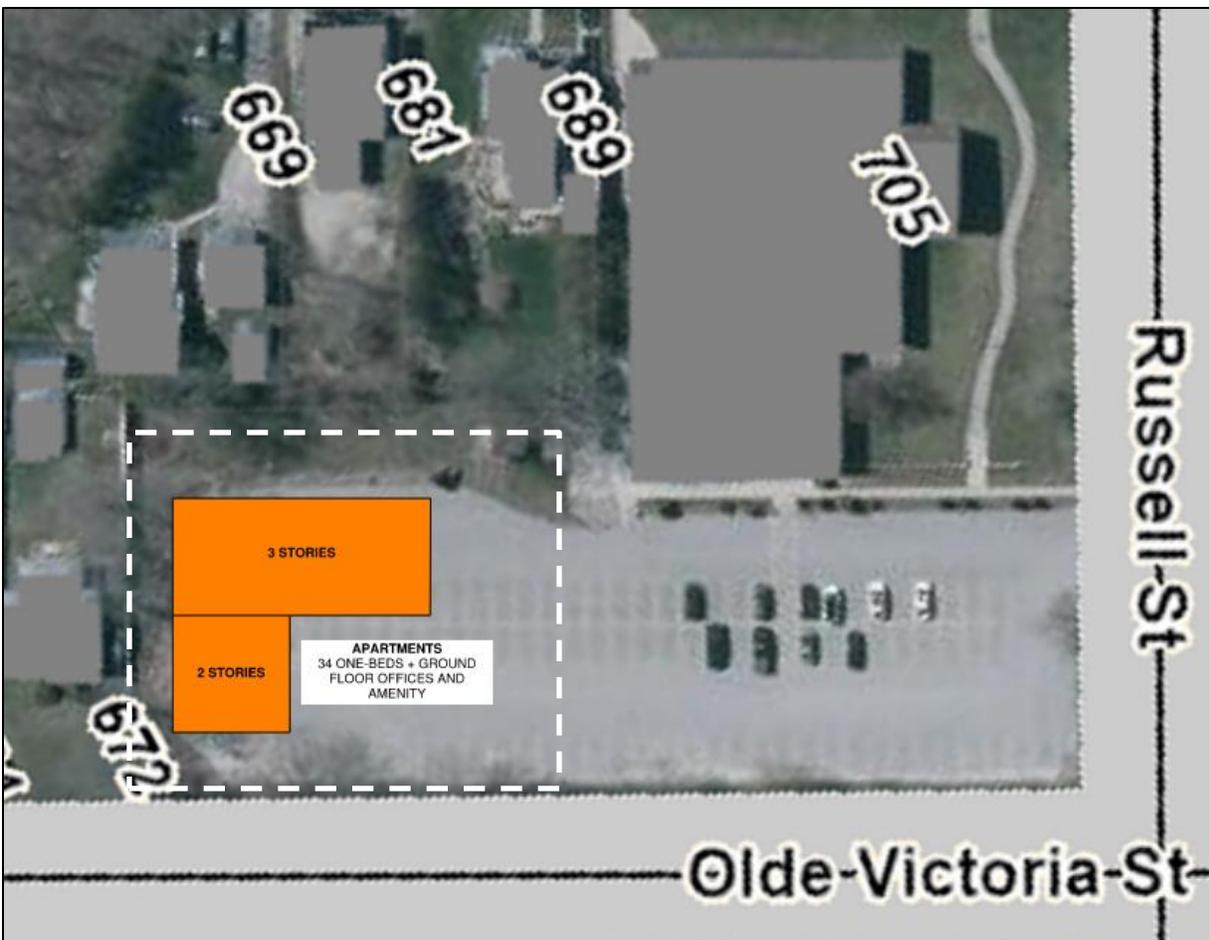


Figure 1: Overlay of Indwell's Blossom Park Apartments on 705 Princes St parking lot with potential severance boundary (NTS, for visual representation only)

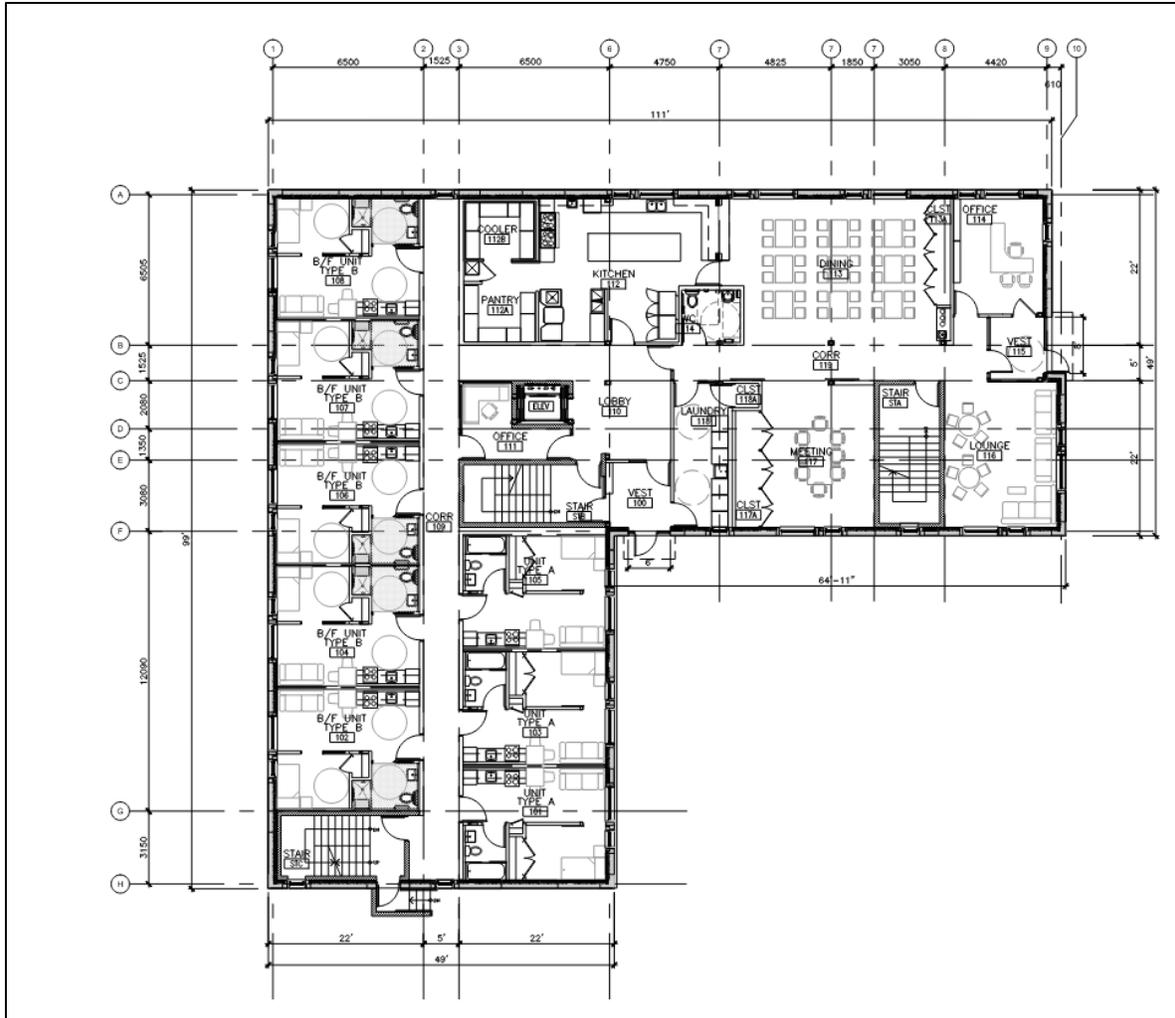


Figure 2: Example Floor Plan of Indwell's Blossom Park Apartments (Ground Floor)

We also recommend that the Municipality explore the option of converting the former W.E. Thompson School. In our experience, adaptive reuse projects are more cost-effective than new construction, as the existing structure and foundation are already in place, reducing overall development costs. A more detailed study needs to be conducted to assess the feasibility and unit potential of the former school.

3.3 Preliminary Pro forma for 705 Princes St



Scenario Name Municipal Property Development Option

Project Name MoK & Partners
 Feasibility Study
 Street Name 705 Princes St
 City/Municipality Municipality of Kincardine

High-Level Pro-Forma Summary

Capital Stack		
Land Donation	\$	1,000,000
CMHC - Seed Funding		80,000
Ontario/MMAH		5,100,000
CMHC's AHP - Non-Repayable Loan		2,550,000
CMHC's AHP - Financing		1,821,616
HST Rebate		1,459,127
Proponent Contribution, Sponsorship & Community Fundraising		1,785,210
Total Capital Stack	\$	13,795,953

Notes

Potential Donation by Municipality for portion of property
 Request for Provincial Funding
 Affordable Housing Program
 Affordable Housing Program
 100% of HST is received as a rebate due to provincial and federal exemption for PBRs

Capital Cost		
Professional Fees	\$	1,083,312
Site		109,500
Legal and Organizational		22,500
Financing Cost		103,760
Fees and Permits		24,494
Soft Cost Contingency		134,357
Construction Costs		9,028,576
Hard Cost Contingency		830,328
Land / Property Acquisition Costs		1,000,000
HST on Hard and Soft Cost		1,459,127
Total Capital Cost	\$	13,795,953

Includes architectural, engineer fees and development consultant, etc.
 Property Appraisal, phase 1 & 2 environmental, etc
 Legal fees other than land, project audit, Insurance, etc.
 Interest during construction
 Planning fees for rezoning and predevelopment, site plan approval, building permit fee, etc.
 10% contingency based on soft costs.
 Including construction contract, suite appliances, unit furnishings, etc.
 10% Contingency based on construction contract value.
 Land cost
 HST @ 13% for all line items that require HST payment

Project Surplus (Deficit)	\$	-
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Calculated as Capital Stack - Capital Cost

Operating Pro-Forma		
Total Operating Revenue	\$	403,920
Total Operating Expenditures		318,396
Net Operating Income	\$	85,524

Includes rents, operational subsidies, laundry etc
 Includes 2 FTE, building operations, reserve fund allocation etc

Financing Charge Summary		
Total Financing Charge	\$	85,038

Operating Net	\$	486
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Calculated as: Net Operating Income - Total Financing Charge

Key Assumptions:

- Cost of construction used is \$350/sq.ft. based on current market costs received from a general contractor working in Bruce County
- Assumed no property tax based on proponent's legal status (charity/non-profit)
- All units are affordable with rents at \$600/month (roughly aligned with ODSP's shelter allowance)
- Requires operating subsidy/grants of \$350/unit/month or \$142,800/year. Roughly aligns with covering the cost of the 2 FTEs at \$70,000/FTE/year
- Included a Provincial MMAH capital contribution of \$150,000/unit towards creating a type of supportive/affordable housing; no specific program is noted
- Assumed land valuation contributed by Municipality of Kincardine at \$1M
- Using CMHC's Affordable Housing Fund with 4.05% interest and 50-year mortgage. Reflecting the new rate recommended by CMHC for stress testing projects

4 Private Lands Development Option

The private land opportunity is within a new subdivision currently under early development in the south-east of the Municipality of Kincardine. It includes three blocks of apartments up to 8 stories and 90 units per building. The owner of this site has suggested to the group this opportunity for affordable housing and has experience with affordable and supportive housing projects in the GTA. The site holds several advantages:

- Being site-plan ready, which reduces development timelines and allows the proponent to begin the design process immediately
- Permitting up to 90 units per building, it could make a significant difference in the housing market in the Municipality of Kincardine
- It could optimize CMHC funding through a mixed-rental approach with affordable and market rental units, creating larger financing capacity than affordable-only projects
- Can deliver substantial quantities of both market and affordable units, both of which are needed in the community

The challenges associated with the private land include:

- The equity to purchase the land is moderately high for most non-profits, although it may reflect a market valuation
- The Municipality or County would ideally be the anchor proponent as land-holder, facilitating another non-profit/charity/service provider acting as the developer and operator of new affordable or supportive housing alongside market units
- Current construction costs do make it complicated to develop purpose-built rental apartments, despite the high demand for units locally

After reviewing the Site Plan documents, we have identified a potential path to achieve significant new affordable and market rental housing on this site. We used Indwell's Station Apartments project in St. Thomas as a preliminary floorplan layout that aligns well with the context of this subdivision. We extrapolated that 4-storey design to propose a 6-story building with 86 units, including ground-floor offices and amenity space. The plan assumes that 20% of the units would be bachelor apartments, with the remainder being one-bedroom units, resulting in an estimated gross floor area of approximately 5,000m².

The project could drive two key outcomes: quickly increasing the overall stock of purpose-built rental units and adding a significant number of housing units truly affordable to many area households. With 40% of units at \$1,000/month or less, these units would match the financial reality of people employed in roughly 50% of local jobs. (According to Bruce County stats, recent workforce surveys suggest that 42% of posted positions pay enough to cover \$890/month in rent). The other 60% of units would be rented at market rates of \$1,200 and \$1,800 for bachelors and one-beds respectively catering to middle/higher-wage earners.

4.1 Preliminary Pro forma for Private Land Option



Scenario Name Private Land Development Option

Address
 Project Name MoK & Partners
 City/Municipality Municipality of Kincardine

High-Level Pro-Forma Summary

Capital Stack

Proponent Contribution	\$	1,000,000
Sponsorship and Community Fundraising		942,463
CMHC - Seed Funding		100,000
CMHC's AHP - Non-Repayable Loan		6,450,000
CMHC's AHP - Financing		18,583,759
HST Rebate		3,126,951
Total Capital Stack	\$	30,203,173

Notes

Municipality, County or other Community Partner
 Affordable Housing Program
 Affordable Housing Program
 100% of HST is received as a rebate due to provincial and federal exemption for PBRs

Capital Cost

Professional Fees	\$	1,944,562
Site		54,500
Legal and Organizational		52,500
Financing Cost		166,764
Fees and Permits		620,731
Soft Cost Contingency		283,906
Construction Costs		19,788,914
Hard Cost Contingency		1,884,513
Land / Property Acquisition Costs		2,279,833
HST on Hard and Soft Cost		3,126,951
Total Capital Cost	\$	30,203,173

Includes architectural, engineer fees and development consultant, etc.
 Property Appraisal, phase 1 & 2 environmental, etc
 Legal fees other than land, project audit, Insurance, etc.
 Interest during construction
 Planning fees for rezoning and predevelopment, site plan approval, building permit fee, etc.
 10% contingency based on soft costs.
 Including construction contract, common space furnishings, IT equipment etc
 10% Contingency based on construction contract value.
 Land cost, including survey fee and legal fees.

Project Surplus (Deficit)	\$	-
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Calculated as Capital Stack - Capital Cost

Operating Pro-Forma

Total Operating Revenue	\$	1,499,160
Total Operating Expenditures		626,662
Net Operating Income	\$	872,498

Includes rents, parking, and laundry
 Includes 2 FTE, reserve fund allocation, building operations etc

Financing Charge Summary

Financing Charge CMHC		867,544
Financing Charge Proponent Financing		-
Total Financing Charge	\$	867,544

Based on total lending of \$18,583,759 in CMHC capital funding

Operating Net	\$	4,954
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Calculated as: Net Operating Income - Total Financing Charge

Key Assumptions:

- Cost of construction used is \$350/sq.ft. based on current market costs received from a General Contractor working in Bruce County
- Rents for 40% of units set at 70% MMR to maximize grants through CMHC's Affordable Housing Fund.
- Using CMHC's Affordable Housing Fund with 4.05% interest and 50-year mortgage. Reflecting the new interest rate recommended by CMHC for stress testing projects
- CMHC suggests MMR rental data for Barrie be used as no data is available for units in the Municipality of Kincardine; MMR for bachelor units at \$1200 and one-beds at \$1,400
- Market rents for bachelor units are set at \$1,200 and one-beds at \$1,800
- Assumed 2 FTE at \$70,000/FTE/year
- Assumed the cost of land for one apartment block is \$2,233,333 (total value, divided by 3 blocks)

5 Aligning Capital Funding Sources

The supportive housing *pro forma* for 705 Princes St. outlines a strategy for the Municipality of Kincardine and/or County of Bruce to “co-invest” funds in a project that could deliver supportive housing led by an agency, e.g. Women’s House, or another non-profit proponent. This role is critical, as CMHC’s Affordable Housing Fund does not fund supportive housing projects without municipal or County financial engagement. From Flourish’s experience with various clients, lack of a co-investor has left many projects stalled, excluded from Federal funding programs.

For the 705 Princes development option, we suggest the municipality contribute the land. For the private land development option, we suggest the municipality, Bruce County or a Community Partner should consider acting as the owner, engaging a capable non-profit as developer/operator of a mixed-rental complex.

For the Princes St. project, **a Provincial contribution of \$150,000 per unit from the Ministry of Municipal Affairs and Housing is suggested.** While this does not reflect an existing Province-wide housing investment program, it aligns with MMAH announcements for supportive housing projects across Ontario throughout the past two years. These funds flow through various programs including the Social Services Relief Fund (SSRF), Ontario Priorities Housing Initiative (OPHI), Canada-Ontario Community Housing Initiative (COCHI), and Homelessness Prevention Program (HPP). These programs are delivered through the Housing Service Manager, ensuring full accountability for funds achieving their intended outcomes long-term.

For the Princes St. project, we suggest **that the proponent, for example Women’s House or Community Living, could mobilize approximately \$1.8 million to the project. This could include a combination of proponent equity, new community donations, and grants.** Community donations and investments show local support for housing solutions and are impact amplifiers for public investments. Community contributions to registered charities are often first on the table, mobilizing the energy and generosity of concerned citizens who want to see effective solutions. Local citizens who are part of business associations, service clubs, local churches, and other networks have been key to most projects Flourish is familiar with.

Local municipal and/or County contributions are key to leveraging Federal housing investments delivered through CMHC. **CMHC’s Affordable Housing Fund (formerly called the Co-Investment Fund) currently provides up to \$75,000/unit in grants** for qualifying housing that meets enhanced affordability, accessibility, and energy efficiency targets. Lower-rate long-term financing is also available based on the project specifics.

5.1 Committing Municipal and/or County Funds

A capital commitment by the Municipality of Kincardine and/or Bruce County could be the catalyst for launching new affordable and supportive housing projects locally. This may be uncharted territory for the municipality, but in the face of growing housing

insecurity, it presents an opportunity to drive solutions with local leadership, drawing senior levels of government investments into local solutions.

We appreciate that Council must weigh competing financial demands in the context of inflation and the layered factors driving rising housing costs. We suggest a few key justifications for municipal investments in supportive housing:

- Supportive housing is the most sustainable way to address homelessness and provide transition out of emergency housing. Municipal funds should act as a co-investment for agency or non-profit proponents to attract senior levels of government funding. Municipal investments could include land, fees, and other non-levy forms of financial assistance – all are considered under CMHC's AHF co-investment stream. We have seen these municipal investments range from 15-25% of capital costs for supportive housing projects. Edmonton has created a [new municipal investment framework](#) that could provide some inspiration.
- There are few market developers willing to rent new housing below the cost of construction, yet this is what is required to meet the needs of many lower-income households. In today's construction market, the break-even costs are higher than many tenants can afford. Municipal investment can focus on supportive and affordable housing projects which maximize rental construction that achieve affordability without additional ongoing rental subsidies.
- Additional requirements can be stipulated when co-investing, e.g. the length of affordability commitments, energy performance, annual stability of rents (i.e. rent increases that reflect the Landlord and Tenant Board (LTB) maximums, not be open-ended increases. There are no longer rent controls on apartments built since November 2018, resulting in higher financial risk for tenants with low or moderate incomes.)

5.2 Requesting Funding from Ontario

Provincial capital investment in affordable housing is currently unaligned with Federal programs, and relatively focused on social service outcomes, e.g. Social Services Relief Fund (SSRF) and Homelessness Prevention Program (HPP). The Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) programs provide capital grants, with a slight shift in focus to prioritizing permanent supportive housing projects as a more sustainable response to homelessness than emergency shelters.

We recommend the Municipality of Kincardine work with Bruce County to make a specific direct request to MMAH for capital funding of \$150,000 per unit towards building the proposed Princes Street supportive housing project. This would be a \$5.1 million investment in much-needed stock, augmenting the annual funding that the Service Manager otherwise receives. Ontario currently has a \$357m Federal funding allocation that has yet to be distributed, so adequate funds may be available to be requested.

5.3 Supporting Applications for Federal CMHC Funding

This report does not have the scope to fully explore options for structuring the Municipality of Kincardine's working relationship with development proponents, e.g. Women's House or others. However, we would be happy to engage in further discussion to enable all parties to draw from Flourish's experience working with non-profits and municipal clients across Ontario. We do know that maximizing Federal grant contributions through CMHC is critical. Current Affordable Housing Fund baseline grants are \$25,000 per unit. An additional \$25,000 is available for projects with a minimum of 40% of units at 70% MMR. And \$25,000 per unit is granted across the project for meeting higher energy efficiency and accessibility thresholds. These criteria can be met with both of the suggested projects.

CMHC has had difficulty distributing annual Federal housing allocations, so applications should highlight that projects can be delivered quickly. Government of Canada resources suggest roughly \$650m in approved funding is lapsed annually (<https://www.tbs-sct.canada.ca/ems-sgd/edb-bdd/index-eng.html#infographic/dept/42/financial>). Support from your local MP could help convey the importance of these vital projects. This could be particularly important for supportive housing projects accessing the AHP stream and the un-spent allocations before they are returned to the Treasury.

CMHC Housing Accelerator Fund or Reaching Home programs may be other opportunities to mobilize Federal investments for supportive housing. Neither program has a direct application process currently open to a proponent, so municipal/county/community support would be key to attracting these funds.

5.4 Summary of Contribution Sources

Table 1 is a summary of financial contributions required to develop the Princes St and Private Land options.

Table 1: Summary of Capital Contributions for Proposed Projects in the Municipality of Kincardine

Total Contribution Sources	705 Princes St (34 units)	Private Land (86 units)
Proponent Equity, Community Fundraising/Sponsorship and Grants	\$1,785,210	\$1,942,463
Municipal Land Contribution	\$1,000,000	N/A
MMAH Capital Investment	\$5,100,000	N/A
CMHC Grants	\$2,630,000	\$ 6,550,000
CMHC Financing	\$1,821,616	\$18,583,759
HST Rebate	\$1,459,127	\$3,126,951
GRAND TOTAL	\$13,795,953	\$30,203,173

6 Broader Approaches to Affordable Housing

In addition to the development options outlined in this report, multi-plex projects could be pursued concurrently to address housing affordability needs while optimizing the use of available land. Municipally owned properties including Blackwell Park and the site near Kincardine Motel, could be suited for the development of 4-plexes or multiple 4-plex units and could be led by a community partner. Additionally, if resources are not immediately available to support the medium and larger-scale development options presented in this report, multi-plex developments could offer a faster, more manageable alternative that could yield early results and build momentum for future projects.

There are some challenges and considerations with this development approach though:

1. CMHC's Affordable Housing Fund requires a minimum of 5 units, so the benefits of engaging Federal investment at favorable interest rates, lending opportunities, and grants up to \$75,000/unit would not be realized through this small-scale project
2. The cost to develop a new 4-plex could be anywhere from \$1.5m to \$2m. It could be more cost effective and expedient to purchase an existing 4-plex and make it affordable to tenants
3. Community and government partners may prefer larger projects because they create a more substantial impact on housing needs and justify the larger investments
4. While a 4-plex can help alleviate housing needs, it has a much smaller impact compared to a larger development, which can accommodate more tenants and address affordability at a larger scale
5. For roughly 2.5 times the upfront proponent investment into a 4-plex, upwards of 20 times the number of units could be delivered (private land option). Community partners are confident in the strong interest and capacity within the community to support affordable housing projects, so the project's scale should strategically align with potential available resources to maximize unit delivery

Other strategies could include converting former retirement residences, motels, schools, and churches as opportunities for broader affordable housing development throughout the municipality. These approaches could be explored in concert with local builders or non-profits, focusing on creating a replicable typology that cost-effectively meets local needs.

Table 2: Summary of Capital Contribution Sources for a 4-Plex

Total Contribution Sources	4-Plex
Proponent Equity, Community Fundraising/Sponsorship and Grants	\$822,109
Proponent Financing	\$274,000
Municipal Land Contribution	\$500,000
HST Rebate	\$139,449
GRAND TOTAL	\$1,735,558

6.1 Preliminary Pro forma for a 4-Plex



Scenario Name	4-Plex Development	
Project Name	MoK & Partners Feasibility Study	
High-Level Pro-Forma Summary		
Capital Stack		
Land Contribution	\$	500,000
Proponent Financing		274,000
HST Rebate		139,449
Proponent Contribution		822,109
Total Capital Stack	\$	1,735,558
Capital Cost		
Professional Fees	\$	139,911
Site		44,500
Legal and Organizational		21,500
Financing Cost		15,408
Fees and Permits		7,668
Soft Cost Contingency		22,899
Construction Costs		776,949
Hard Cost Contingency		67,274
Land / Property Acquisition Costs		500,000
HST on Hard and Soft Cost		139,449
Total Capital Cost	\$	1,735,558
Project Surplus (Deficit)	\$	-
Operating Pro-Forma		
Total Operating Revenue	\$	80,400
Total Operating Expenditures		63,534
Net Operating Income	\$	16,866
Financing Charge Summary		
Total Financing Charge	\$	16,660
Operating Net	\$	206

Notes

Potential Contribution by Municipality

100% of HST is received as a rebate due to provincial and federal exemption for PBRs

Includes architectural, engineer fees and development consultant, etc.

Property Appraisal, phase 1 & 2 environmental, etc

Legal fees other than land, project audit, Insurance, etc.

Interest during construction

Planning fees for rezoning and predevelopment, site plan approval, building permit fee, etc.

10% contingency based on soft costs.

Including construction contract, suite appliances, unit furnishings, etc.

10% Contingency based on construction contract value.

Land cost

HST @ 13% for all line items that require HST payment

Calculated as Capital Stack - Capital Cost

Includes rents, operational grants, parking

Includes 0.5 FTE, building operations, reserve fund allocation etc

Calculated as: Net Operating Income - Total Financing Charge

Key Assumptions:

- Cost of construction used is \$250/sq.ft. based on Altus Group Cost Guide 2024
- Assumed no property tax based on proponent's legal status (charity/non-profit)
- All units are affordable with rents at \$650/month
- Includes operating subsidy/grants of \$48,000/year which roughly aligns with covering the cost of the 0.5 FTE at \$70,000/FTE/year
- Assumed land valuation contributed by the Municipality of Kincardine at \$500,000
- Assumed 30-year mortgage at 4.5% interest

7 Conclusion

The Municipality of Kincardine's goal to address the housing crisis is commendable, and their leadership, in collaboration with the Bruce County Housing Service Manager and local service agencies, can bear results. This leadership is likely to spark greater collaboration with community agencies, non-profits, and faith groups, through which the growing housing needs of the community can be addressed. We encourage non-profit organizations and faith-based groups in the Municipality of Kincardine and Bruce County to align as potential partners, leveraging their resources to help expand the impact of these initiatives.

We trust that Flourish's development concepts will provide inspiration for actioning supportive and affordable housing development. Hopeful solutions are possible, and resources can be marshalled to achieve compelling results.

We welcome feedback and ongoing dialogue with the Municipality of Kincardine Staff, Bruce County as Housing Service Manager, and service agencies on how to translate this report into action. And we appreciate the opportunity to work with you towards a future with hope and affordable homes for all.