Staff Report

Presented By: Dwayne Evans, Director, Development Services

Meeting Date: September 28, 2026

Subject: Bluewater Lands Method of Disposal

Attachment(s): Bluewater Lands Draft Reference Plan
MLHC Maintenance and Improvements By-law
MLHC Occupancy By-law

Recommendation

That Council direct the method of land disposal for the Bluewater Lands Housing Development; and

That Council direct staff to negotiate an agreement in the form of the method of land disposal to return to Council for adoption by By-law.

Report Summary

On August 10, 2026 Council passed a resolution declaring Town-owned lands described as Parts 4 and 5 as identified on the attached draft Reference Plan as surplus. This report clarifies points that have been raised over various meetings and outlines the disposal options for Council's consideration and direction.

Background/Analysis

The Town has progressed the Bluewater Lands Housing Project through zoning, site plan commenting and has been making preparations to transfer the Town land to Margaret Laurence Housing Cooperative (MLHC).

This 159-unit affordable housing development will consist of two 4-storey apartment buildings with 95 total units, three 3-storey stacked townhouses with 8 units each, one three-storey stacked townhouse with 4 units, and three 4-storey stacked townhouses with 12 units each.

Housing Continuum

Communities are made of a variety of housing options that can be illustrated on a Housing Continuum. Bruce County's Housing Action Plan 2024-2026 outlines on pages 4-5 the housing options that are typically available throughout a community.



Saugeen Shores mainly has seen the development of traditional home ownership options (single-family and townhouse) represented by the far right of the continuum with Home Ownership (purple). More recently, the community has added purpose-built market rentals through the development charge incentives program that the Town implemented (dark blue).

The County of Bruce provides Homelessness Services, Emergency Shelters and Transitional Housing (grey, red, orange) as well as Supportive Housing (yellow). However, there remains a gap in the continuum of options currently available in Saugeen Shores. The Bluewater Lands Housing Project is intended to fill a gap related to Supportive Housing (yellow), Community Housing (green) and Below-Market Rental (light blue), that is underrepresented in Saugeen Shores.

The Bluewater Lands Housing Project has the opportunity to bring online these three additional housing opportunities in the following ways:

1) Supportive Housing: Partnership opportunities with Bruce County, Habitat for Humanity and / or Community Living to help people live independently;

2) Community or Social Housing: Non-profit co-operative ownership model (MLHC) supported through public funding by the Town and potentially a Federal Grant; and

3) Below-Market Rental: No ownership as it is fully a Co-operative model. Below-market rent is supported by the funding provided by the Town and potentially a Federal Grant.

All three of these options may be offered under the umbrella of the Margaret Laurence Housing Cooperative. This 159-unit residential development will offer a range of affordability (low to moderate income) through a mix of building types and unit sizes to appropriately address the diverse affordable housing needs in the community.

Housing Co-Operative Model

As context to Council's consideration of this matter, the following is offered to appreciate the unique nature of Housing Co-Operatives and to note that Condominiums and Co-ops are different housing models.

Condo boards mainly govern shared property and common rules for individually owned units. Co-op boards govern membership in a collectively owned housing community, which usually gives them more influence over occupancy.

In a Condominium, individuals own their registered units and share ownership of the common elements; the Condominium corporation manages the shared property for the owners. In a non-profit housing Co-operative, the Co-operative corporation owns or leases the whole property, and members have the right to occupy a unit through membership but do not own the unit or land individually.

A related point to be aware of is that Co-Ops are viewed favourably by CMHC as long-term affordable housing providers.

Both Condos and Co-ops provide housing, but they operate under different ownership, financing, governance and occupancy models. While each Co-operative is unique, the table in Appendix 1 provides a general comparison of the two types of housing.

Affordable Housing Definition

In Canada, housing is considered **affordable** if it costs less than 30% of a household's before-tax income. The Town aligns with this definition and considers a residential development affordable if it specifically provides affordable housing to low-income households (earning less than half of the median income for local households) or moderate-income households (earning at or below the 60th percentile for local household income).

These definitions are included in the Affordable Housing on Town-owned Lands Policy and were included in the evaluation criteria for this project's Request for Proposals.

In the October 2025 Report to Council this represented households making less than $88,000 (low-income) and $94,800 (moderate-income). This data is from the 2021 census and as the project advances the details and approach may be adjusted to align with the Federal funding requirements. The final approach will be brought forward in the Agreement that comes to Council for approval.

Below Market Rental Rates

To answer the question of how Income translates to Rental Rates in this Project, the following is offered as an illustration:

In the October 2025 Report the proponent was proposing one-bedroom unit rents below $1,400 with about 20% of units being below $1,000. For two-bedroom units, the proponent was proposing rents ranging between $1,300 and $1,895. These rents are well below the thresholds of the Town's Policy.

Additionally, the proposal offered 10 additional needs housing and it is intended that engagement with Community Living, Bruce County Housing and entities like Habitat for Humanity will occur.

Again, these details will be finalized in the Agreement that comes to Council for approval. Once the rental rates are set, they remain low in perpetuity because of how much they can be raised annually (provincial rate).

Land Disposition

On August 10, 2026 Council passed a Resolution declaring Town-owned lands described as Parts 4 and 5 as identified on the attached draft reference plan as surplus. This is the first step in the Town preparing to enter into an Agreement including municipal land with MLHC. This portion of the report outlines the Legal Authority and an Evaluation between various Methods of Disposal.

1. Legal Authority

At the August 10 meeting, Section 42(5) of the Planning Act was discussed which explains the Town's ownership of various lands that have been dedicated as parkland and conveyed by a Developer to the Town as part of a Subdivision Development. There are various sections of the Planning Act that place restrictions on what a Town has the authority to do in respect of lands conveyed to the Town for Parkland Purposes. Specifically, Section 42(5) of the Planning Act notes that land conveyed to a municipality under this section **shall** be used for park or other recreational purposes but may be **sold** at any time.

Notwithstanding the foregoing, Section 28 of the Planning Act provides municipalities the ability and mechanism for the designation of various lands as a "community improvement project area" by virtue of the creation/implementation of a "community improvement plan". Once designated, Section 28 specifies that a municipality may (for the purposes of carrying out a community improvement plan):

- Sell, lease or otherwise dispose of any land acquired or held by it in the community improvement project area to any person or governmental authority for use in conformity with the community improvement plan.

To conclude, notwithstanding Section 42 related to Parkland, Section 28 of the Planning Act governs the municipality's disposal of the lands provided it is for a project or purpose that will conform with the CIP.

The Bluewater lands are within the community improvement project area in the Town's CIP which identifies the entire municipality as a community improvement project area. The recently adopted update to the CIP includes a "Municipal Property for Affordable Housing Program" that includes provision for Town-owned land to be leased or sold at a reduced cost or no cost, or other use arrangements approved by the Town. This development as proposed allows the Town to sell, lease or otherwise dispose of the land described as Parts 4 and 5 as identified on the attached draft Reference Plan.

2. Method of Land Disposal Options

The Town's Sale and Other Disposition of Land Policy (Resolution 71-2023) governs how the Town can dispose of its lands. "Disposition" means the sale, transfer, conveyance or exchange of the fee simple interest in land or the granting of a lease by the Town for a term of more than

21 years, and “disposal” shall have a similar meaning.” Put more simply for this Project, the choices are: a land sale; or, a long-term lease.

a. Partner Assessment

In evaluating the sale and long-term lease options, the points in the table below can serve as a guide through an assessment of the ‘project partner’ which in this case is the Margaret Laurence Housing Co-Operative (MLHC) with support through the development stages from Tim Welch Consulting (TWC).

Table 1: Partner Risk Considerations

Consideration	**Comment**	**Yes/No**
Partner experience in real estate development:	The partnership for construction includes Tim Welch Consulting (TWC) with extensive experience in affordable housing developments in southwestern Ontario. TWC is supported by a team of engineers, architects and landscape architects who are already working with the Town through the Site Plan review process and will be in place for the building process.	Yes
Partner experience in property and building asset management and operations:	MLHC has over 30 years of experience in successfully operating a Housing Co-operative which includes responsibility for asset management and operation of the building. The attached MLHC Maintenance and Improvements By-law shows a detailed and comprehensive approach.	Yes
Partner experience in Co-op governance and operations:	MLHC has over 30 years of experience in successfully operating a Housing Co-operative which includes well-established processes and templates for governance and administration of the Co-Op. The attached MLHC Occupancy By-law is a result is this experience.	Yes
Partner is committed to the project through feasibility, planning design and development, incorporation, occupancy, operations?	The partners (TWC and MLHC) have worked successfully over the past year to advance the project through concept, public engagement, planning approvals, and site plan review. The Tim Welch team is contracted to support construction. MLHC is committed to supporting the process through the incorporation, occupancy and operational set-up process as set out in the Letter of Intent with the Town.	Yes

Partner is ready to enter into agreements and secure funding?	MLHC is finalizing an application to the Federal Build Canada Homes Grant and is prepared to enter into agreements with CMHC that would arise from a successful application. The Letter of Intent with the Town that includes an understanding that it will be expected to enter into agreements with the Town.	Yes
Partner is a strong financial position?	The mortgage on MLHC's current land holding will be paid down by the end of 2028, which is before the start of construction. MLHC has net worth of approximately $12M and investments of approximately $2.3M.	Yes
Partner roles and responsibilities are well defined and documented?	The partner has signed a Letter of Intent with the Town that sets out the understanding of their obligations at this time.	Yes

The application of the above table to this analysis is that: a majority of Yes responses would indicate a lower risk situation in which selling would be preferred; and a majority of No responses would indicate a higher risk situation in which retaining ownership through a long-term lease would be preferred.

b. Administrative Assessment

Other factors to be considered in the direction of selling vs leasing are set out in the table below:

Table 2: Administrative Considerations

Consideration	**Comment**	**Preferred Method**
Long term affordability provisions	The Town can register covenants on title and in an Agreement of Purchase and Sale, or Lease Agreement. A lease provides some, but not significantly greater, control. Examples of possible covenants that can be registered on title are set out in Appendix 2. Note also that Build Canada Homes applies its own strict, long-term affordability covenants.	Not a significant difference, slight preference for Lease

Potential future responsibility and / or liability	There will be legal agreements in place to shelter the Town from risk and liability, regardless of the direction. If the development failed under a lease, the Town would carry the responsibility to step in and manage the transition or ultimately assume control of the development. If the development failed under ownership, and some of the above covenants are in place, the Town would also be in a situation whereby it would be responsible for reallocating the development to another operator, and/or retaining control.	Not a significant difference, slight preference for Sale
Overhead to manage a long-term lease and carry the land and building assets	For the housing aspects, given the expectation of ongoing monitoring and reporting to ensure adherence to affordability, there would be administrative responsibilities for the Town, regardless of a sale or lease. The lease would entail additional Town staffing overhead in terms of ongoing management as well as long-term asset management requirements.	Not a significant difference, slight preference for Sale
Mortgage and / or grant funder preferences	Grant funders like Build Canada Homes and traditional financiers like Credit Unions and Banks, prefer to see proponent equity in a project, as it provides additional collateral should the project fail to move forward as planned. A land lease of 60 years duration or longer would be looked upon almost as favourably as ownership. Ownership of the land reduces complexity related to the securing of funding and potentially makes borrowing of funds easier.	Preference for Sale

Public Financial Support

This project will be supported by multiple levels of government.

To date, the federal government has, through the Housing Accelerator Fund allocated by the Town, provided $450,000 to fund pre-development work (planning, engineering, design, approvals, and off-site servicing costs if needed).

Also at the federal level, MLHC is finalizing an application to the Build Canada Homes Fund. The amount of funding being applied for is estimated to be in the range of $25M to $28M which would support the $82M total project costs.

Pursuant to the August 10th Council Resolution, an appraisal of value for the lands has been completed and the estimate of value is $1,585,000.00. The Town’s main support would be the in-kind contribution of land in the form of a sale or a long-term lease at a nominal cost (i.e. $1).

Linkages

- Strategic Plan Alignment: Pillar 1: Meeting the Needs of a Growing Community
- Business Plan Alignment: Development Services Division Highlight

Financial Impacts/Source of Funding

Costs associated with this program are contained within the existing budget.

Prepared By: Mark Paoli, Project Manager, Special Projects

Reviewed By: Dwayne Evans, Director, Development Services

Approved By: Kara Van Myall, Chief Administrative Officer

Appendix 1: Condominium and Co-Op Comparison Table

Topic	Condominium	Non-profit housing co-operative
Who owns the property?	Each owner holds title to a registered unit and may share ownership of common elements. The condominium corporation manages and maintains the shared property for the owners.	The co-operative corporation owns or leases the whole property, including the residential units and common areas. Members have occupancy rights but do not own their units or the land individually.
How do people become a resident?	A buyer purchases a unit from a seller who owns a unit. A unit may also be rented to a tenant by the unit owner, subject to the law and condominium rules.	A resident applies for membership and the right to occupy a unit. The co-operative considers applications under its by-laws, policies, human-rights obligations and any funding rules. The cooperative members approve resident applications.
What does the resident pay?	An owner may pay a mortgage, property tax and common expenses. Special assessments may also be required.	A member pays housing charges (similar to rents) based on the co-operative's budget. A membership share may also be required, but it does not provide ownership of a unit.
Can the resident sell?	An owner may generally sell the unit at market value and receives any gain or bears any loss.	A member does not sell the unit or receive increases in the property's value. Any membership-share repayment depends on the co-operative's rules and amounts owed. Non-profit co-ops may have operating requirements such as affordability targets for charges when filling vacant units.
How are decisions made?	Owners elect a board to manage the condominium corporation. The board typically approves budgets, common expenses, contracts, maintenance and repairs, reserve-fund work, insurance, property management and rule enforcement. Decisions must follow the Condominium Act, 1998 and the declaration, by-laws and rules. Certain major changes and by-laws require owner approval.	Members elect a board and generally have one vote each. The board typically approves budgets and housing charges, contracts, maintenance and repairs, property management, staffing, policies, membership applications and enforcement of the by-laws and occupancy agreements. Decisions must follow the Co-operative Corporations Act and the co-operative's articles and by-laws. Certain major decisions and by-law changes require member approval.

What happens if rules are broken?	The corporation may use notices, dispute resolution or court proceedings to enforce the law and its governing documents. The board cannot simply expel an owner. A forced sale is an exceptional remedy requiring lawful enforcement.	The co-operative may end membership and occupancy through the internal and legal processes that apply.
How are major repairs funded?	The corporation must maintain a reserve fund and obtain periodic reserve-fund studies for major repairs and replacement of common property.	The co-operative follows the financial-reporting requirements that apply to it. Good practice includes regular building assessments, a long-term capital plan and savings for major work. The condominium reserve-fund rules do not apply.
Does rental law apply?	If a unit is rented as a home, the Residential Tenancies Act, 2006 generally governs the relationship between the owner-landlord and tenant, subject to limited exceptions.	Members are not ordinary tenants. Part V.1 of the Residential Tenancies Act, 2006 provides a process for disputes about ending a non-profit housing co-operative member's occupancy.
How long does the organization continue?	The condominium corporation continues until it is formally terminated under the Condominium Act, 1998.	The co-operative continues until it is formally dissolved, amalgamated or reorganized under applicable law.

Appendix 2: Examples of Restrictive Covenants that can be Registered on Title

Covenant	Component	Potential Covenant Language	How It Works in Practice
Affordability Levels *The Tiered Affordability approach is typically most economically viable, and socially impactful	**Rent caps**	Rents shall not exceed ___% of CMHC Average Market Rent (AMR) or Median Market Rent (MMR) for the applicable unit type	Proponent must publish annual rent schedules tied to CMHC AMR updates
	Income targeting	Units must be leased to households earning ≤ ___% of median household income	Annual income verification; tenants must provide tax returns or NOAs
	Tiered / mixed affordability	At least X% of units at ≤40% AMR, Y% at ≤60% AMR, Z% at ≤80% AMR	Ensures mixed affordability bands, and healthy blended communities
Duration of Affordability *Fixed Term aligns best with existing funding protocols, and renewal triggers helps	**Fixed term**	Affordability period shall be maintained for a minimum of 50 years from registration	Build Canada Homes: 20–40 years Municipal surplus land: often 50–99 years
	Perpetual affordability	Covenant runs with the land in perpetuity – check with legal if “perpetuity” is achievable	Used by municipalities when land is transferred at nominal cost. Should check with legal about the implications of “in perpetuity”
	Renewal triggers	Affordability period renews automatically upon refinancing or redevelopment	Prevents loopholes where affordability ends after redevelopment
Use Restrictions	**Residential use only**	Lands shall be used solely for residential purposes and ancillary community uses	Prevents commercial redevelopment
	No short-term rentals	Units shall not be used for short-term rental accommodation	Enforced through municipal bylaws and covenant
	No condo conversion	The property shall not be converted to condominium or freehold tenure	Protects long-term rental stock

	No demolition without approval	Demolition requires municipal consent and replacement of affordable units	Ensures affordability is not lost through redevelopment
Reporting Requirements	**Annual compliance report**	Operator shall submit an annual affordability compliance report including rent rolls, income verification, and occupancy data	Standard for CMHC and municipal agreements
	Financial reporting	Operator shall provide audited financial statements annually	Ensures funds are used for affordable housing operations
	Tenant data reporting	Operator shall provide anonymized demographic and income data	Supports municipal housing strategy tracking
	Inspection rights	Municipality may inspect units and records with 30 days' notice	Allows enforcement of affordability and maintenance standards
Enforcement Protocols	**Cure periods**	Operator has 30–90 days to cure any default	Standard contractual remedy
	Financial penalties	Operator shall pay damages for each month of non-compliance	Used when affordability levels are breached
	Reversionary interest	Land reverts to the municipality if affordability requirements are breached	Common when land is transferred for $1
	Right of entry / right to manage	Municipality may assume management of the property in case of persistent non-compliance	Rare but sometimes used for supportive housing
	Court enforcement	Covenant is enforceable by injunction or specific performance	Because it is registered on title, courts can enforce it directly
	No discharge without consent	Covenant may not be discharged without written consent of CMHC/municipality	Ensures affordability survives ownership changes
Transfer & Assignment Restrictions	**Sale restrictions**	Property may not be sold without municipal approval	Ensures new owner is capable of operating affordable housing

	Assignment of covenant	Covenant binds successors and delegates authority to the municipality to approve re-assignment	Standard for title-registered covenants
	Right of first refusal	Municipality retains right of first refusal on any sale	Protects public investment in land