
HALDIMAND COUNTY

Report CSS-01-2023 Dunnville Affordable Housing Project Funding and Municipal Capital Housing Facility Agreement

For Consideration by Council in Committee on January 17, 2023



OBJECTIVE:

To direct staff to present a Municipal Capital Housing Facility By-law which will facilitate a subsequent Municipal Capital Housing Facility Agreement with the Haldimand Norfolk Housing Corporation to allow the County to contribute to the Dunnville Affordable Housing Project in terms of gifting of land, waiving of fees, and other financial contributions. The report will also address funding sources for various capital and start up expenditures related to the County's housing stock which directly impacts the project.

RECOMMENDATIONS:

1. THAT Report CSS-01-2023 Dunnville Affordable Housing Project Funding and Municipal Capital Housing Facility Agreement be received;
2. AND THAT a Municipal Capital Housing Facilities By-law be presented to Council outlining potential types of municipal assistance for current and future affordable housing projects;
3. AND THAT authority be delegated to the General Manager of Corporate & Social Services to develop and enter into a Municipal Capital Housing Facility Agreement with the Haldimand Norfolk Housing Corporation, specific to the Dunnville Affordable Housing Project previously approved in Report CSS-03-2021 Affordable Housing Projects and Financial Implications;
4. AND THAT funds in the amount of \$124,009 be transferred from the Social Housing Reserve to Haldimand Norfolk Housing Corporation, as a 2022 transaction, to reimburse the use of unbudgeted funds to prepare surplus properties for sale.

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Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

A Municipal Capital Housing Facility By-law is legislatively required to authorize the municipality to enter into an agreement with the Haldimand Norfolk Housing Corporation to outline the municipal assistance that it will provide for the Dunnville Affordable Housing Project. The By-law will be presented to Council at its meeting of January 25, 2023. The By-law will generally state the types of municipal assistance that can be provided for housing projects including future projects, and will allow future agreements to be entered into, to provide assistance where Council deems it appropriate. Subsequent to the passing of this By-law, staff are seeking delegated authority to develop and execute the agreement with the housing corporation to include the assistance previously directed by Council, which involves gifting of land on Ramsey Drive in Dunnville, waiving of municipal fees associated with the project which will ultimately be County owned, and other approved financial contributions.

In addition to the above legislated requirements, the report also reconfirms the previous commitment of financial start up costs to the HNHC and approves the funding of unbudgeted 2022 expenditures by the housing corporation to prepare surplus properties for sale in order to maximize return. It is recommended that the Social Housing Reserve be the funding source for the start up costs of \$1.024M as well as the \$124,009 in reimbursed expenditures.

BACKGROUND:

The purpose of this report is two-fold as follows:

1. To present a Municipal Capital Housing Facility By-law to Council for approval

Under *The Municipal Act, R.S.O. 2001* (the Act), and more specifically, under O. Reg. 603/06, there is a prescribed list of types of properties that a municipality may enter into agreements in order to grant assistance to any manufacturing business, industrial or commercial enterprise by giving money, guaranteeing borrowing, leasing or selling property below market value, or giving a total or partial exemption from any levy, charge or fee. Contravening the Act in this respect, is usually referred to as “bonussing”.

One of the classifications of properties that an agreement can be entered into for, is a municipal housing project facility. On September 21, 2021, Council ratified a resolution deeming the Dunnville Affordable Housing project as a Municipal Capital Housing Facility and directed staff to bring forward a Municipal Capital Facility By-law for enactment, to allow the gifting of land, waiving of fees and other municipal financial contributions to the Haldimand Norfolk Housing Corporation (HNHC) for the purposes of developing the municipally owned affordable housing project on Ramsey Drive.

2. To address financial requests from the Haldimand Norfolk Housing Corporation

Attachment #1 is an Information Memo from the HNHC which requests confirmation of the County’s financial commitments related to the start-up costs of the Council approved Dunnville Affordable Housing Project as well as recovery of funds used for unplanned repairs to the surplus housing units that were sold to assist in offsetting project costs.

ANALYSIS:

1. Municipal Capital Housing Facility By-law

In order to legally gift land, waive fees, and contribute financially to the HNHC for the development of the Dunnville affordable housing project on Ramsey Drive, it is necessary to pass a by-law called the Municipal Capital Housing Facility By-law. The By-law allows for a Municipal Capital Housing Facility Agreement to be entered into between the County and the HNHC. The By-law indicates in a general manner, what types of grant assistance Council would potentially support for future housing development opportunities. Those include: gifting of land; leasing of land at less than fair market value; waiving of fees or charges; property tax relief; monetary contributions; lending of funds with or without interest. These types of assistance will cover the County’s approved contributions to the current project as well, but also allow for future projects to utilize this By-law in the development of the required subsequent agreement with any relevant partner. In other words, passing a general Municipal Capital Housing Facility By-law once, allows an expedited process in the future because the By-law already exists and it will only be an agreement that needs to be approved by Council. That agreement will outline the various types of municipal assistance that Council directs staff to include within the parameters of the overarching By-law, for affordable housing developments only, as defined in the By-law.

As it directly relates to the Dunnville Affordable Housing Project, once the By-law is passed, the agreement can be developed outlining the specific contributions Council has already approved (gifting of land, waiving of development charges and fees, municipal financial contribution), to formalize the arrangement and meet the requirements of the Act. Staff are seeking delegated authority to enter into a Municipal Capital Housing Facility Agreement with the HNHC that includes the above noted contributions and aligns with previous Council direction from Report [CSS-03-2021](#). It should be noted that the property is ready to be transferred and a by-law authorizing the transfer will be presented to Council on January 25, 2023. The Municipal Capital Housing Facility By-law will also be presented at the Council meeting on January 25, 2023 for Council's consideration. Once passed, and the subsequent agreement is executed, the property transfer will occur, allowing other funding and grant opportunities to be sought by HNHC for the project.

2. Financial Requests from HNHC

As per Report [CSS-03-2021](#), Haldimand County is committed to providing the requested funds of \$1.024M to the HNHC for feasibility and pre-construction phases of Dunnville Affordable Housing Project. This allows HNHC to progress through the project phases while being in a better position to apply for other available funding opportunities. This contribution amount is part of the overall municipal financial contribution, up to a maximum of \$4.6 million, approved by Council and outlined below in more detail, including the funding source.

Additionally, the HNHC is currently disposing of surplus assets in Dunnville which will assist in offsetting the cost of the project. In order to maximize proceeds from the sale of the surplus units, it was necessary to complete some home improvements to the units prior to putting them on the market. The HNHC used unbudgeted funds for these improvements, in the amount of approximately \$124,000, confident they would meet or exceed a return on their investment. HNHC has recently listed 3 surplus dwellings for sale in Dunnville and has sold 1. As anticipated, those sold have been a good return on investment. Prior to these listings, 3 others were sold to True Experience.

Since unbudgeted funds were used in the sale of these units to leverage a higher sale price, the HNHC is seeking reimbursement of the funds used. It should be noted that the total revenue generated from the sale of these units is anticipated to assist in funding the overall project. Staff reviewed the request for reimbursement of the unbudgeted funds and fully supports doing so. The funding source proposed to be used is outlined in more detail below, in the Financial section of the report.

FINANCIAL/LEGAL IMPLICATIONS:

1. Municipal Capital Housing Facility By-law

The passing of a Municipal Housing Capital Facility by-law will facilitate the subsequent Municipal Capital Housing Facility Agreement with HNHC which will include specific financial incentives approved by the County in Report [CSS-03-2021 Affordable Housing Projects and Financial Implications](#). Specifically, in addition to providing HNHC the lands for the development at no cost, Council also approved the one-time waiving of certain development permits and fees estimated to be approximately \$400,000. Once these fees are determined and due, the County will have to fund these fees from the Social Housing Reserve as planned.

2. Financial Requests from HNHC

As outlined in the Information Memo from HNHC, the financial requests include: (i) Financial commitments related to the start-up costs related the Council approved Dunnville Affordable Housing Project and (ii) recovery of unplanned repairs to Haldimand County stock to facilitate the approved sale of units in Dunnville. The following details the recommended approach to cover these anticipated/incurred costs.

The requested funds totaling \$1.024 million relate to the feasibility and pre-construction phases of Council approved affordable housing project planned for Ramsey Drive in Dunnville. These costs are critical to get this project initiated as well as to qualify for CMHC funding and potentially other levels of government funding, which will be critical to make this project financially feasible. As approved by Council in Report [CSS-03-2021 Affordable Housing Projects and Financial Implications](#), the County committed a direct financial contribution to this project to a maximum of approximately \$4.6 million. Although the recommend approach to fund the County's contribution was to issue a 20 year debenture (the annual debenture costs would then be funded annually from an additional levy contribution that was approved starting in 2022), it was anticipated that there would be some upfront costs that would require cash flow until the ultimate debenture is issued. It was recommended to use the County's Social Housing Reserve to fund these costs until the final costs and timing of the project are determined and the debenture for the County's financial commitment is issued. The Social Housing Reserve currently has a projected balance of approximately \$2.6 million which is sufficient to fund the requested start-up costs. If Council approves this contribution, it is strictly under the understanding that the \$1.024 million represents an integral portion of the County's overall \$4.6 million commitment. By utilizing the County's Social Housing Reserve to fund this request, it will leave the Haldimand County Investment Reserve fund held by HNHC in tact. This will maximize the investment earnings on these funds and ensure the full proceeds from these dispositions are available to offset the costs of the Dunnville project as envisioned.

The request to fund the renovations completed in 2022 on 3 units in Dunnville approved for disposition were not planned but necessary to maximize the return on the ultimate disposition. As the renovations were not planned, they were in addition to the approved planned capital projects and funds provided by the County to HNHC in 2022. As outlined in the Shareholder's agreement, the County is responsible to fund all renovations/repairs on Haldimand County owned housing stock. As such, these costs are ultimately the County's responsibility and would need to be funded in some form. As approved by Council in Report [CSS-03-2021 Affordable Housing Projects and Financial Implications](#), starting in 2022 the County committed an additional annual financial contribution of approximately \$378,000 to increase the annual capital program for repairs/renovations to Haldimand housing stock owned by HNHC. These funds were to be distributed by the County to HNHC, once a long term financial plan was developed, to ensure Haldimand housing stock was maintained in a "good state of repair". For 2022, these funds were levied/collected through taxes but not distributed to HNHC. Any funds not distributed would ultimately be transferred to the County's Social Housing Reserve. Given these repairs were necessary to prepare these units up to an acceptable level to facilitate the approved sale, it is recommended to use the amounts levied in 2022 for housing stock repairs to offset these unanticipated costs totaling \$124,009. Given these repairs occurred in 2022, the approval to use the Social Housing Reserve transfer should be approved for 2022. Similar to funding the start-up costs from the Social Housing Reserve, this will maximize the proceeds from the sale of these units required to fund a significant portion of the Dunnville affordable housing project.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: Yes

By-law: Yes

Budget Amendment: No

Policy: No

REFERENCES:

1. [CSS-03-2021 Affordable Housing Projects and Financial Implications](#)
2. [Council in Committee Minutes September 14, 2021, Recommendation 12](#)
3. [CSS-03-2022 Haldimand Norfolk Housing Corporation Regeneration Master Plan – Request for Disposal of Haldimand Assets](#)

ATTACHMENTS:

1. Haldimand Norfolk Housing Corporation Information Memo.