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# Haldimand County

## Report FSD-02-2026 Haldimand Norfolk Housing Corporation Ramsey Drive Financing Update



For Consideration by Special Council on February 12, 2026

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### Objective:

To provide Council with the proposed methodology for funding Haldimand County's upset contribution of \$4.6 million capital contribution related to Haldimand-Norfolk Housing Corporation's affordable housing project at 311 Ramsey Drive, Dunnville.

### Recommendations:

1. THAT Report FSD-02-2026 Haldimand Norfolk Housing Corporation Ramsey Drive Financing Update be received.
2. AND THAT the full amount of Haldimand County's upset contribution of \$4.6 million be funded from the Social Housing Reserve, as detailed in Report FSD-02-2026.

**Prepared by:** Cliff Burke, Senior Financial Analyst

**Reviewed by:** Tareq El-Ahmed, CPA, CMA, Treasurer

**Respectfully submitted:** Mark Merritt, CPA, CA, General Manager, Financial Services

**Approved:** Michael Di Lullo, MPA, CMM III, Chief Administrative Officer

### Executive Summary:

In 2025, Council approved the final business case, including design, budget, and construction timeline for Haldimand-Norfolk Housing Corporation's affordable housing project at 311 Ramsey Drive, Dunnville through confidential report FSD-02-2025. At that time, a plan to internally finance the full amount of Haldimand County's upset contribution of \$4.6 million was approved in principle, subject to the approval of the 2026 Tax Supported Operating Budget. This report is being presented with the Draft 2026 Tax Supported Operating Budget document to outline the specifics of and rationale behind that internal financing.

Staff seek Council's approval to fund the full amount of Haldimand's contribution from the Social Housing Reserve, with the intent of replenishing the reserve over time using the current level of tax-supported levy contributions going forward.

### Background:

A business case for a proposed new affordable housing complex was first presented to Council in 2020 through report CSS-02-2020 and was approved in principle. Several subsequent reports to council have been approved since, including Haldimand-Norfolk Housing Corporation initiating a plan in 2021 to build a new, mixed use affordable housing project, as well as Haldimand County's necessary contributions to facilitate the project. Those contributions included an upset limit of \$4.6 million in capital

investments, as well as in-kind and financial contributions related to the land and municipal application/permitting fees.

The initial financing approach to fund the \$4.6 million in capital contributions, first presented in 2021, was to be through the issuance of a 20-year debenture. The anticipated annual debenture costs were estimated to be \$306,400 at that time. Through confidential report FSD-02-2025, given the changes in the project requirements and accumulation of additional available reserves in County's Social Housing Reserve over the period 2021 and 2025, staff recommended an internal financing approach as opposed to a debt issuance. This is primarily related to the requirement to cash flow some up-front costs prior to completing the debt process, and the balance of Haldimand County's Social Housing Reserve as a potential alternative funding source.

## **Analysis:**

The purpose of the Social Housing Reserve was established as follows:

- To provide for the mitigation or stabilization of a tax levy increase, in any given year, due to Haldimand County's share of increased operating costs and/or for the funding of capital projects approved by Haldimand Council for social housing units located within the County.

Based on the above, this reserve was originally identified as a funding source for certain components of the Council approved financial contributions to this project, including reimbursement of Permits and Fees to an upset limit of \$400,000 as well as the up-front pre-construction costs to an upset limit of \$1.02 million.

At the time of the initial proposal from Haldimand-Norfolk Housing Corporation in 2021, the balance of the Social Housing Reserve was approximately \$2.6 million. Recognizing that this project would require a financial commitment from Haldimand County, the annual tax-supported operating budget contributions to this reserve were increased starting in 2022 to an amount of \$684,400 annually, which equated to a levy increase of 1% at the time. From this, \$378,000 was committed to the Haldimand-Norfolk Housing Corporation's Annual Repair & Renewal Program, and the remaining \$306,400 was to be set aside for future housing initiatives, including the affordable housing project identified in this report.

Starting with 2022, Haldimand County has contributed over \$1.4 million to this reserve in the last four year through the tax-supported operating budget. Additionally, any operational variances related to annual social housing costs administered through cost-sharing agreements with Norfolk County, are either funded from or contributed to this reserve. After funding all the anticipated aforementioned costs, namely: HNHC's annual Repair & Renewal Program; permits and fees of approximately \$115,000; as well as the up-front pre-construction costs of approximately \$850,000 related to the Ramsey Drive build: the projected reserve balance at the end of 2025 is approximately \$2.85 million.

Although it is important to have a sufficient balance in this reserve as required for mitigation/stabilization of annual tax levy increases, given the County's remaining commitment to the Dunnville build project is approximately \$3.75 million, this would only leave approximately a \$600,000 deficit to be recovered from future year's annual contributions to this reserve (currently \$306,400 per year). For these reasons, it is recommended that the originally planned debenture is no longer required and that the Social Housing Reserve can adequately fund the County's entire financial commitment with limit financial risk.

Given this approach, it is prudent to continue contributing additional funds to this reserve beyond recovery of the anticipated shortfall to prepare for future housing opportunities. Based on this, staff is not recommending any changes, currently or in the future, to the current level of reserve fund contributions.

## **Financial/Legal Implications:**

Although Council approved an upset overall financial contribution of \$4.6 million, the County has flowed approximately \$850,000 of up-front pre-construction costs to date, a remaining \$3.75 million of additional funding from the Social Housing Reserve is required in 2026 to complete the construction of the full Dunnville build project. Assuming no changes to the annual contribution level of \$306,400 as identified in the 2026 Draft Tax-Supported Operating Budget, the projected ending balance of this reserve at the end of 2026 will be a deficit of approximately \$600,000.

By maintaining annual reserve contributions of \$306,400 for an additional two years, the reserve is projected to return to a positive balance. If these contributions are maintained beyond 2028, it is estimated by the end of 2029, there will be a balance of approximately \$300,000 available to mitigate any annual operating needs as well as any additional new housing opportunities/needs. Although there are no projects currently planned in the forecast, given the Housing Affordability issue in Haldimand County and across the Province, it is anticipated that additional funds will be required in the near future.

Ultimately, by maintaining the current annual contribution level, there are **no** levy impacts on the 2026 Draft Tax-Supported Operating Budget as a result of the recommendations in this report.

## **Stakeholder Impacts:**

Not applicable.

## **Report Impacts:**

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

## **References:**

None.

## **Attachments:**

None.