





CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division
and
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	August 11, 2022
SUBJECT/REPORT NO:	Township of Glanbrook Non-Profit Housing Corporation Pre-development Funding Request (HSC22049/FCS22070) (Ward 11)
WARD(S) AFFECTED:	Ward 11
PREPARED BY:	Jennifer Roth (905) 546-2424 Ext. 7242 Jana Amos (905) 546-2424 Ext. 1554 Kamba Ankunda (905) 546-2424 Ext. 4557
SUBMITTED BY: SIGNATURE:	Al Fletcher Acting Director, Housing Services Healthy and Safe Communities Department 
SUBMITTED BY: SIGNATURE:	Kirk Weaver Acting Director, Financial Planning, Administration and Policy Corporate Services Department 

RECOMMENDATION(S)

- (a) That a loan to the Township of Glanbrook Non-Profit Housing Corporation in the amount of \$1,700,000, for the pre-development work associated with the proposed development of approximately 100 affordable seniors rental units located at 2641 Regional Road 56 and 2800 Library Lane, Binbrook, be authorized and approved in accordance with the terms and conditions contained in the Conditional Loan Term sheet attached as Appendix "A" to Report HSC22049/FCS22070 or as

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amended to the satisfaction of the General Manager of Healthy and Safe Communities Department and the City Solicitor;

- (b) That staff be directed to establish a loan receivable on the City's balance sheet, not exceeding \$1,700,000, to record the corresponding Township of Glanbrook Non-Profit Housing Corporation liabilities regarding the long-term financing for the 2641 Regional Road 56 and 2800 Library Lane affordable housing development; and
- (c) That the General Manager of Healthy and Safe Communities Department or their designate be authorized and directed to execute and administer a loan agreement along with any ancillary documentation and amendments in a form satisfactory to the City Solicitor and the General Manager of Finance and Corporate Services;

EXECUTIVE SUMMARY

The Township of Glanbrook Non-Profit Housing Corporation (TGNPHC) is a housing corporation that was established in 1982 through a tri-party funding arrangement between the Federal Government, the Province and Township of Glanbrook to provide senior housing in Binbrook by operating the 31-unit Orchard Court Apartment. With the amalgamation of the City of Hamilton and the enactment of the *Social Housing Reform Act* in 2000, which provided the legislative framework within which the 47 Municipal Service Managers fund and administer social housing in Ontario, the above responsibilities were downloaded to the City of Hamilton.

There is a growing need within the City of Hamilton for additional affordable seniors' rental apartments especially outside the downtown core. As a result of this increasing need, the City of Hamilton and TGNPHC entered into a Memorandum of Understanding (MOU) to transfer the City-owned parcel of land known as 2641 Regional Road 56, Binbrook, which is adjacent to the existing TGNPHC property municipally known as 2800 Library Lane, Binbrook, to support the development of approximately 100 new affordable rental units for seniors.

The purpose of Report HSC22049/FCS22070 is to seek Council approval to enter into a conditional loan agreement with TGNPHC to assist with pre-development costs for the proposed affordable housing development of approximately 100 seniors' units in Binbrook. The loan would be repaid over 10 years, commencing at a maximum of three years after the execution of the Conditional Loan Agreement, with provisions for earlier repayment pending the outcome of applications to secure long-term financing from Canada Mortgage and Housing Corporation (CMHC).

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Appendix “A” to Report HSC22049/FCS22070 is a summary Conditional Loan Term sheet. The City’s External Loan Guidelines provides for interest-bearing loans to various community groups and not-for-profit organizations for capital upgrades or enhancements to their facilities. TGNPHC, as a not-for-profit housing provider under the *Housing Services Act, 2011*, qualifies as an eligible City loan recipient.

Appendix “B” to Report HSC22049/FCS22070 is a letter dated December 1, 2021 regarding the TGNPHC request to the City for an interest free loan from the City of Hamilton to assist in financing this project. Consistent with the External Loan Guidelines, approved by Council through Report FCS06078, Report HSC22049/FCS22070 seeks Council approval of an interest-bearing loan for the proposed TGNPHC project.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The City will earn interest based on the City’s cost of borrowing (currently 10-year serial debenture of 4.15% plus .25% administration = 4.36%) compounded semi-annually and paid annually. The loan interest will be distributed in accordance with City policies and procedures. The Terms and Conditions of the loan and its repayment are summarized in Appendix “A” to Report HSC22049/FCS22070.

The actual repayment schedule will be finalized based on the timing of the three proposed loan advances (50% on execution of the loan agreement, 25% upon successful zoning approval and 25% upon application for site plan. Based on the loan term and interest rate, the estimated annual repayment would be approximately \$213,367.50 commencing one year after the final advance has been made under the Loan Agreement or at maximum three years from the date of the execution of the Loan Agreement.

Staffing: N/A

Legal: Provision of the loan to Township of Glanbrook Non-Profit Housing Corporation (TGNPHC) is not bonusing under the *Municipal Act* because TGNPHC is a non-profit corporation.

HISTORICAL BACKGROUND

On May 23, 2018, Council gave direction to staff to explore the disposition of a specified portfolio of properties, including the vacant land portion of 2641 Regional Road 56, Binbrook, for affordable housing purposes pursuant to Report PED17219 (Properties and Process for Disposition of Lands for Affordable Housing). Council's direction declared the Land surplus and "approved for disposition for purposes of affordable housing." Report PED17219 further included proposed disposition strategies and authorized that the net proceeds from any sale be deposited into a capital reserve to be used for due diligence and implementation of the disposition strategies.

In November 2019, the Housing Services Division received a business case from the Township of Glanbrook Non-Profit Housing Corporation (TGNPHC) requesting the transfer of the land to TGNPHC at no cost to facilitate the development of a three-storey building with approximately 100 affordable housing units and amenity space to house a range of tenant support services.

On October 26, 2020 a confidential Report PED20179 was brought to Council that included a recommendation providing, authorization for the General Manager, Planning and Economic Development, to negotiate and enter into a Memorandum of Understanding with TGNPHC in a form satisfactory to the City Solicitor.

On June 21, 2021 TGNPHC entered into a Memorandum of Understanding (MOU) with the City of Hamilton to transfer a City-owned parcel of landed located at 2641 Regional Road 56, Binbrook, to TGNPHC for the purpose of completing the feasibility studies necessary to proceed with the development of approximately 100 new affordable rental units for seniors.

TGNPHC applied for a Formal Consultation on October 15, 2021 and a Formal Consultation document was issued on December 8, 2021 outlining all the requirements for the zoning by-law amendment and site plan control applications. It is anticipated that a zoning by-law amendment application will be submitted in Q4 of 2022.

In a letter dated December 1, 2021, TGNPHC requested an interest free loan from the City in the amount of \$1,700,000 to contribute to the pre-development work necessary to develop 100 affordable seniors housing units. The request was received and referred to the General Manager of Finance and Corporate Services for appropriate action.

TGNPHC has, to date, leveraged \$101,000 in pre-development Seed funding from Canada Mortgage and Housing Corporation (CMHC) and \$175,000 in pre-development funding from the Federation of Canadian Municipalities (FCM).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Housing and Homelessness Action Plan

Hamilton does not have sufficient affordable rental housing units. In 2013, Council endorsed the 10-Year Housing and Homelessness Action Plan with the first outcome area to increase the supply of affordable housing. The City continues to fall below its targets for developing new units. TGNPHC's proposed new development is envisaged by staff as a move in the right direction in relation to affordable units supply.

External Loan Guidelines

The recommendations in Report HSC22049/FCS22070 were prepared in accordance with the City's External Loan Guidelines. Given the requirements outlined in the City's External Loan Guidelines, staff is recommending that there be interest charged on the loan. The City's external loan guidelines only permit interest free loans in cases where upgrades or improvements are being made to City owned facilities. The rate of return that the City will be receiving is competitive in comparison to the money market investment rate which these funds would be subject to.

RELEVANT CONSULTATION

Legal and Risk Management Services Division

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

A. Affordable Housing Supply

The need for affordable housing in Hamilton has been demonstrated in multiple previous reports. Approval of the recommendations in Report HSC22049/FCS22070 is intended to support the development of approximately 100 affordable rental units that will assist in meeting the targets established by the Housing and Homelessness Action Plan.

B. External Loan Agreement Requirements

TGNPHC requested an interest free loan of \$1,700,000 from the City for a 10-year period. The loan agreement recommendations in Report HSC22049/FCS22070 would allow City to enter into an interest-bearing loan in the amount of \$1,700,000 for a 10-year period and to assist in supporting the pre-development costs of their project. The recommended loan meets the requirements of the City's External Loan Guidelines.

C. Conditional Loan Payment Agreement

A Conditional Loan Payment Agreement between the City and TGNPHC is required, subject to the terms as outlined in the Term Sheet attached as Appendix “A” to Report HSC22049/FCS22070. The agreement will include provisions of default, such as part of the development ceasing to be “non-profit housing,” will require the loan to become payable immediately.

The loan will be advanced in three payments that correspond with three milestones, being the execution of the Loan Agreement, successful Rezoning and Implementation of the new Zoning By-law within 18 months of the execution of the loan agreement, and six months from the Implementation of the Zoning By-law an Application for Site Plan Approval must be submitted to City of Hamilton, as outlined in Appendix “A” to Report HSC22049/FCS22070.

TGNPHC intends to submit applications to CMHC for long-term financing for the project, through the CMHC Co-Investment Fund (COI). It is unknown, at this time, how much, if any, funding will be received. Should their funding application be successful, the funds will be immediately applied towards the outstanding balance, without penalty, of the City’s loan for this project. It should be noted that should TGNPHC be successful with the COI application, under the Development Charges By-law 19-142, the affordable housing project will not be eligible for development charge exemptions.

The Conditional Loan Agreement allows the City to formally recognize that repayment will commence one year after the final advance of the loan or within three years of executing the loan agreement as outlined in Appendix “A” to Report HSC22049 / FCS22070. Should repayment occur in one lump sum, there will be no penalty for breaking the repayment term of 10 years

ALTERNATIVES FOR CONSIDERATION – N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report HSC22049/FCS22070 – Conditional Loan Term Sheet

Appendix “B” to Report HSC22049/FCS22070 – Letter dated December 1, 2021