



Staff Report

Administration – Chief Administrative Officer

Report To: COW-Finance, Admin, Fire, Legal, Community Services
Meeting Date: June 26, 2023
Report Number: FAF.23.106
Title: Follow Up to The Blue Mountains Attainable Housing Corporation Deputation of May 17, 2023
Prepared by: Shawn Everitt, Chief Administrative Officer

A. Recommendations

THAT Council receive Staff Report FAF.23.106, entitled “Follow Up to The Blue Mountains Attainable Housing Corporation Deputation of May 17, 2023”;

AND THAT Council approve the Third Amending Operating Loan for The Blue Mountains Attainable Housing Corporation as a repayable loan on the basis of Option _____ as outlined in this report;

AND THAT Council authorize the Deputy Mayor and Town Clerk to execute the Third Amending Operating Loan Agreement with Terms and Conditions satisfactory to Town staff;

AND THAT Council direct staff to develop a new Memorandum of Understanding in collaboration with The Blue Mountains Attainable Housing Corporation that provides opportunities for the Town to supply services and support to The Blue Mountains Attainable Housing through to July of 2024 similar to the pre-2018 operations of The Blue Mountains Attainable Housing Corporation;

AND THAT Council authorize the Town Chief Administrative Officer and the Town Clerk to execute the Memorandum of Understanding to the satisfaction of the Town's Senior Management Team;

AND THAT Council direct staff to include the provision of options and recommendations related to the future next steps for The Blue Mountains Attainable Housing Corporation, in collaboration with The Blue Mountains Attainable Housing Corporation Board, in the scope of the Request for Proposal for the “Comprehensive Housing Needs Study”.

B. Overview

This report was requested as a result of The Blue Mountains Attainable Housing Corporation (BMAHC) deputation at the May 17, 2023, Special Meeting of Council. Staff are seeking

direction from Council regarding the requested extension to the existing Operation Loan between the Town and the BMAHC.

C. Background

In August 2019, the Town purchased the 171 King Street property intending to proceed with a potential Attainable Housing Gateway Project.

Operating Loan (2020)

In early 2020, The Blue Mountains Attainable Housing Corporation (BMAHC) requested that the Town enter into a formal Operating Loan Agreement with the BMAHC. On October 19, 2020, Council approved a Repayable Operating Loan for the BMAHC in the amount of \$100,000 with the first draw taking place on October 30, 2020.

In late June 2020, the BMAHC announced the formal planning and public consultation process for a proposed Attainable Housing Gateway Site to be located at 171 King Street.

Amending Operating Loan (June 2021)

In June 2021, the BMAHC requested an amendment to the initial Repayable Operating Loan that would increase the loan by \$340,000 for a total Repayable Operating Loan of \$440,000.

Request to Shift to a Forgivable Loan

On May 24, 2022, the BMAHC's Executive Director made a [formal deputation](#) to Council requesting that the Repayable Operating Loan be considered forgivable under mutually acceptable terms and conditions. As a result of the deputation, Council approved the following resolution:

Moved by: Councillor Sampson

Seconded by: Mayor Soever

THAT, further to the deputation of Jennifer Bisley, Executive Director, The Blue Mountains Attainable Housing Corporation providing the Blue Mountains Attainable Housing Corporation Operating and Fiscal Update, Council direct staff to extend the term of the loan agreement to November 30, 2023, in coordination with the promissory note.

Yay (6): Mayor Soever, Deputy Mayor Bordignon, Councillor Matrosovs, Councillor Sampson, Councillor Uram, and Councillor Bill Abbotts

Nay (1): Councillor Hope

Amendment to Operating Loan (May 24, 2022)

The most recent amendment to the Repayable Operating Loan was approved by Council at the May 24, 2022, Council meeting where an additional \$760,000 was provided through an

Amending Loan Agreement that was again based on a Repayable Operating Loan on specific interest rate points that continues to be bound to the initial Operating Loan Agreement in 2020.

This May 24, 2022 Council direction reflected a total Repayable Operating Loan for the BMAHC in the amount of \$1,200,000.

This motion did not provide direction to staff to proceed with extending the Operating Loan Agreement on the basis of the loan being forgivable. The Terms of the Operating Loan Agreement remain consistent with the original Operating Loan Agreement which was based on an interest-bearing loan.

D. Analysis

First, staff suggest that an opportunity has presented itself to include recommended next steps for The Blue Mountains Attainable Housing Corporation (BMAHC) within the scope of work for the recently approved Comprehensive Housing Needs Study.

Following discussions with the members of the BMAHC Board, along with meeting with the Board's Chair, Mr. Gavin Leitch, the recommendations contained in this staff report provide the additional time that is needed to determine the long-term business plan for the BMAHC and includes a fulsome review of the BMAHC's current roles, responsibilities, and programs moving forward.

Staff also strongly suggest that the Mandate of the BMAHC is a solid reflection of the support our community is in need of.

"BMAHC's purpose is to facilitate the supply of suitable, adequate, attainable, and sustainable ownership and rental units in The Town of The Blue Mountains that are accessible to a larger portion of the population, in a financially prudent manner that supports economic development and workforce development."

For Council Consideration: Operating Loan

The Blue Mountains Attainable Housing Corporation (BMAHC) has drawn a total of \$715,000 to date while incurring an estimated \$23,500 in interest as of May 31, 2023. Staff recommend that Council consider amending its May 24, 2022 Council Direction to reduce the limit of the BMAHC Repayable Operating Loan from \$1,200,000 to \$800,000. Amending its May 24, 2022 Council direction to reduce the limit of the BMAHC Repayable Operating Loan from \$1,200,000 to \$800,000 is within Council's authority as the BMAHC draws have not exceeded \$800,000.

Staff provide the following recommendation for Council consideration:

THAT Council of the Town of The Blue Mountains amends its May 24, 2022 Council resolution to reduce the limit of the BMAHC Repayable Operating Loan from \$1,200,000 to \$800,000 inclusive of the incurred interest up to May 31, 2023, with the Term ending July 4, 2024.

Options for Third Amending Operating Loan Agreement (Interest Baring Loan)

Option 1

THAT the Third Amending Operating Loan Agreement be to an upset limit of \$800,000 and Interest-free beginning retroactively to May 31, 2023.

Option 2

THAT the Third Amending Operating Loan Agreement be set at an upset limit of \$800,000 and be based on the current Interest Rate being the Town's cost of borrowing.

Option 3

THAT the Third Amending Operating Loan Agreement be set at an upset limit of \$800,000 and be based on the current Interest Rate being the Town's cost of borrowing plus 200 point.

Option 4

THAT the Third Amending Operating Loan Agreement be set at an upset limit of \$800,000 and be based on the current Interest Rate being the Town's cost of borrowing plus an Interest rate of _____ points as recommended by Council.

Option 5 (shown as an option for consideration however not a recommendation by staff)

THAT Council direct staff to develop a Third Amending Operating Loan Agreement on the basis of shifting the existing Interest bearing repayable Operating Loan to a non-interest bearing forgivable loan at an upset limit of \$800,000;

AND THAT Council directs staff to bring forward a financing strategy with the intention of recovering the \$800,000 in funding provided to The Blue Mountains Attainable Housing Corporation.

171 King Street Property

Staff recommend that Council consider rescinding its July 4, 2022 motion to transfer ownership of 171 King Street from the Town to the BMAHC. This recommendation is because the BMAHC based on the Request for Proposal (RFP) process to secure a Proponent to develop the Attainable Housing Gateway project on the property was unsuccessful, and the BMAHC is without any immediate plans to move forward with another RFP. Staff suggest the appropriate action at this time is to rescind the July 4, 2022 direction to transfer 171 King Street until a final decision is made regarding the future use of the property.

The July 4, 2022 Council resolution is provided below for information.

B.4.1 171 King St. Disposition – Follow Up to Public Meeting, FAF.22.114

Moved by: Deputy Mayor Bordignon Seconded by: Councillor Matrosovs

THAT Council receive Staff Report FAF.22.114, entitled “171 King St. Disposition – Follow Up to Public Meeting”;

AND THAT Council declares 171 King St. E as surplus to the needs of the Municipality;

AND THAT Council approves the transfer of 171 King St. E to The Blue Mountains Attainable Housing Corporation (BMAHC) for nominal consideration (e.g. \$2.00), subject to the following conditions:

1. That the transfer be deemed a Grant to a not-for-profit organization under s. 107 of the Municipal Act and in accordance with Town Policy POL.COR.13.19 (Asset Transfers to Corporations Policy).
2. That the transfer be conditional on a right of reversion which will be triggered in any of the following circumstances.
 - a. Prior to the issuance of Building Permit(s), the project proposes to provide fewer than the minimum unit yield of “attainable” units, as defined/ required by the Canadian Mortgage Housing Corporation (CMHC) and BMAHC.
 - b. That Building Permits for the project have not been issued within 3 years of the date of completion of the sale.
3. That the Transfer be conditional on the entering into of a “Grant Agreement” which shall stipulate that the Grant shall be repayable on a proportional basis in the event that the project offers fewer than the minimum unit yield of “attainable” units as defined/ required by CMHC and BMAHC at any time during the first 20 years of occupancy.
4. That the transfer includes a right of first refusal which, in the event BMAHC intends to sell the land, will give the Town the first right to reacquire the land and/or recoup the value of the grant.
5. Other conditions which may arise if/as required by the CAO, Director of Legal Services, and Director of Finance and IT.

AND THAT Council approves a grant to the Blue Mountain Attainable Housing Corporation in the amount of \$3,985,000, as set out in the Treasurers Statement, as attached to this Report, and subject to the entering into of a Grant Agreement between the Town and BMAHC;

AND THAT Council delegates authority, including signing authority, to the Deputy Mayor and Clerk to finalize and execute all necessary documentation to complete the transfer of 171 King St. E from the Town to The Blue Mountains Attainable Housing Corporation as set out in this Report and in consultation with the Chief Administrative Officer, Director of Legal Services, and Director of Finance & IT;

AND THAT Council delegates the authority to transfer the subject land to the Chief Administrative Officer, Director of Legal Services, and Director of Finance & IT for the purposes of the Lame Duck period under the *Municipal Act, 2001*.

The motion is Carried.

This is being suggested purely to limit further exposure to financial risks and to ensure that the 171 King Street property remains in the Town's land inventory until it can be determined that an Attainable Housing Project can be developed on the site as originally intended.

Rescinding its July 4, 2022 Council direction to transfer 171 King Street to the BMAHC is within Council's authority as the title to 171 King Street has not been transferred to the BMAHC and continues to be in the Town's ownership.

Staff provide the following recommendation for Council consideration:

THAT Council of the Town of The Blue Mountains rescinds its July 4, 2022 Council resolution to transfer ownership of the title to 171 King Street to BMAHC.

Existing Attainable Housing Rental Unit

The Town also has a formal Agreement with the BMAHC that permits the use of a Town-owned property for the provision of an Attainable Housing Accommodation. This Agreement was developed with the intention that the BMAHC would act as the Landlord of the Tenant and would enter into the Landlord Tenant Agreement with the Tenant. In the March 6, 2023, deputation to Council, the BMAHC's Executive Director identified that \$8,940 had been spent to finance the rental property.

Staff suggest that a Third Amending Agreement to the Operating Loan while reducing the Loan from \$1,200,000 to \$800,000 still provides funding to have the management of the rental remain status quo with having an external property management company providing the service for the BMAHC.

Revising the Formal Memorandum of Understanding

Town staff have worked closely with the BMAHC Board Chair and have drafted a Memorandum of Understanding (MOU) that is very similar to the original MOU created in 2019.

Staff suggest that having a updated MOU will be a helpful tool while the BMAHC is without an Executive Director and, at this time, is not actively recruiting a replacement until a long-term strategy for the BMAHC can be established.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders.

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

None.

G. Financial Impacts

The existing Terms of the Operating Loan include an interest rate equal to the Town's cost of borrowing plus 200 basis points and has a Term ending November 30, 2023 as directed by Council.

The Town's current cost of borrowing is 1.48% so the rate would be 2.48%.

Table 1: Operating Loan Agreements to Date

Date of Operating Loan	Amount of Funding	Term Ending	Total
October 30, 2020	Max of \$100,000	May 30, 2022	\$100,000
May 11, 2021 Amending Operating Loan Agreement	Additional \$340,000	May 30, 2022	\$440,000
September 16, 2022 Second Amending Operating Loan Agreement	Additional \$760,000	November 30, 2023	\$1,200,000

The total interest accumulated as of May 31, 2023, is \$29,671.

The recommendation by staff for moving forward beyond the November 30, 2023 deadline is to enter into a Third Amending Operating Loan Agreement. However, by doing so shall reduce the overall Operating Loan funding by \$400,000 from \$1,200,000 to \$800,000 while including the interest earned as of May 31, 2023, within the \$800,000 and shift the Third Amending Operating Loan to an Interest-Free Loan with a Term of July 4, 2024.

Table 2: Summary of \$800,000 Operating Loan remaining funds to July 2024

Item	Amount
Third Amending Operating Loan Funding	\$800,000
Total Interest Incurred to Date (as of May 31, 2023)	\$29,671
Total Amount Drawn (as of May 31, 2023)	\$715,000
Total Interest and Funds Drawn Upon (as of May 31, 2023)	\$744,671
Total Remaining Funds Available Based on \$800,000 Loan	\$55,329

Risks and Liabilities

Based on the fact that the 171 King Street Gateway Project is not anticipated to move forward in the near future, Town staff are responsible for identifying the financial risks and known liabilities of The Blue Mountains Attainable Housing Corporation's (BMAHC) ability to pay the existing debt that is currently due November 30, 2023.

Rationale for Recommending a Third Amending Operating Loan

Council may wish to consider the approval of a Third Amending Operating Loan on the basis of this Operating Loan being interest-free from May 31, 2023, to the proposed end date of July 4, 2024.

This Third Amending Agreement provides the BMAHC time to determine its most appropriate next steps forward, allows for the BMAHC to complete its required Financial Audit processes ending 2022, and also allows for the continued funding to manage the existing BMAHC rental unit. Additionally, staff has recommended that there is merit to including the scope of work within the Comprehensive Housing Needs Study to consider options and opportunities for the future of The Blue Mountains Attainable Housing Corporation. This work would include the collaboration and consultation of the existing members of the Blue Mountains Attainable Housing Corporation Board.

H. In Consultation With

Ruth Prince, Director of Finance and IT Services

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Shawn Everitt, Chief Administrative Officer cao@thebluemountains.ca.

J. Attached

None

Respectfully submitted,

Shawn Everitt
Chief Administrative Officer

For more information, please contact:

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Report Approval Details

Document Title:	FAF.23.106 Follow Up to The Blue Mountains Attainable Housing Corporation Deputation of May 17, 2023 .docx
Attachments:	
Final Approval Date:	Jun 16, 2023

This report and all of its attachments were approved and signed as outlined below:

Shawn Everitt - Jun 16, 2023 - 9:27 AM