



Staff Report

Administration – Chief Administrative Officer

Report To: Council Meeting
Meeting Date: October 30, 2023
Report Number: FAF.23.171
Title: Recommended Next Steps for the Town Related to The Blue Mountains Attainable Housing Corporation
Prepared by: Shawn Everitt, Chief Administrative Officer

A. Recommendations

THAT Council receive Staff Report FAF.23.171, entitled “Recommended Next Steps for the Town Related to The Blue Mountains Attainable Housing Corporation”;

AND THAT Council select Option 1 as outlined in this report and direct staff to complete all required processes to formally release The Blue Mountains Attainable Housing Corporation and its Board of Directors of its responsibilities to repay the current operating loan;

AND THAT if Option 1 is the preferred Option, Council acknowledges that a reconsideration of the portion of its July 10, 2023 Council resolution to reduce the limit of the BMAHC Repayable Operating Loan from \$1,200,000 to \$800,000, including the incurred interest up to May 31, 2023 with the Term ending July 4, 2024 will be required in advance of consideration of the Options included in this staff report;

AND THAT Council provide notice to the Blue Mountains Attainable Housing Corporation Board of Directors of Council’s intention to commit to the continuation of The Blue Mountains Attainable Housing Corporation with a refocus on renewing and re-establishing the following programs with potential funding sources coming from the Community Improvement Plan:

- Down Payment Assistance Program
- Secondary Suite Incentive Program;

AND THAT Council provide formal written notice of intent to continue The Blue Mountains Attainable Housing Corporation under a modified mandate and request that this notice be included on The Blue Mountains Attainable Housing Corporation's 2023 Annual General Meeting Agenda.

B. Overview

This staff report outlines recommendations regarding how best to move forward with The Blue Mountains Attainable Housing Corporation (BMAHC) and how to satisfy the current operating loan the Town holds with BMAHC that becomes due on November 30, 2023.

C. Background

Staff have previously brought forward several reports to Council regarding The Blue Mountains Attainable Housing Corporation (BMAHC). Previous discussions and reports identified options that included the extension of the existing operating loan that the Town provided to the BMAHC. However, with the operating loan coming to an end of term on November 30, 2023, and under the current BMAHC operations, regardless of an extension into 2024, the BMAHC will not be able to repay any portion of the loan now or later in 2024.

On June 26, 2023, staff brought forward [Staff Report FAF.23.106](#) which resulted in the following resolution approved by Council on July 10, 2023:

Moved by: Councillor Hope

Seconded by: Councillor Porter

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

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 including the incurred interest up to May 31, 2023 with the Term ending July 4, 2024;

AND THAT Council approve the Third Amending Operating Loan for The Blue Mountains Attainable Housing Corporation on the basis of Option 1, being an upset limit of \$800,000 including the accrued interest, and interest-free beginning retroactively to May 31, 2023 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 Corporation 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 receives a total fiscal update, including a summary of the accrued interest, on the operations and expenses of The Blue Mountains Attainable Housing Corporation on a monthly basis.

In addition to the recommendation contained in [Staff Report FAF.23.106](#), the following motions were brought forward by members of Council on June 26, 2023 at the Committee of the Whole meeting and approved by Council on July 10, 2023:

Moved by: Councillor McKinlay

Seconded by: Councillor Ardiel

THAT, with respect to staff report "FAF.23.106 Follow up to The Blue Mountains Attainable Housing Corporation Deputation of May 17, 2023", 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";

AND THAT Council direct that one member of Council (not a Council Member appointed to The Blue Mountains Attainable Housing Corporation be appointed to work with the CAO's office in the development of the scope of the RFP for the "Comprehensive Housing Needs Study".

Moved by: Councillor McKinlay

Seconded by: Councillor Ardiel

THAT, with respect to staff report "FAF.23.106 Follow up to The Blue Mountains Attainable Housing Corporation Deputation of May 17, 2023", 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 The Blue Mountains Attainable Housing Corporation.

D. Analysis

In regards to the resolutions that were approved by Council at the July 10, 2023 Council meeting, staff recommend that this report is an additional follow up to the process that staff undertook with The Blue Mountains Attainable Housing Corporation (BMAHC) and through the consideration of developing the third operating loan and Memorandum of Understanding (MOU) as Council had directed. It was clearly identified through this follow up process that regardless of whether a future third amending operating loan was provided, or an extension from the current November 30, 2023 loan repayment date to the proposed May 31, 2024 loan repayment date there was no reasonable suggestion of the BMAHC being in a position to repay any portion of the operating loan now or in 2024.

In addition, the staff recommendations contained in this report relating to the continuation of the BMAHC with a pre-2018 mandate allows the Town to provide clear communication to the BMAHC so that recommendations can be provided at the BMAHC's 2023 Annual General Meeting.

Town staff have begun the initial review process regarding the development of a Comprehensive Housing Needs Study and have just received the Draft Housing Needs Assessment that will be brought forward to Committee of the Whole later in 2023. It has been a focus of staff to bring this follow up report and its proposed recommendation forward to Council in order to have Council's recommendations provided in advance of the pending November 30, 2023 operating loan due date and The Blue Mountains Attainable Housing Corporation's (BMAHC) Annual General Meeting.

Status of the Current Operating Loan

The second amending operating loan provided to the BMAHC has total expended funds amounting to \$744,671.45 as of October 25, 2023. Staff have also confirmed that, as of April 1, 2023, the balance of expended funds (6 months previous to October 2023) was \$740,288.20. The difference is accounted for by the interest being booked for April and May and after May 31, 2023 the loan became interest-free as directed by Council.

At this time, staff are taking the position that the best option for Council to consider is Option 1 as outlined below.

Option 1:

This option is being brought forward on the basis that the BMAHC currently has no financial resources or funding able to meet its obligations related to the November 30, 2023 maturation date of the second amending operating loan, and will not have any potential of changing this position within the foreseeable future to repay any of the funds associated with the operating loan. As such, the following is being recommended by Town staff:

- That no further consideration of any additional amending operating loan funding be made;
- That Council provide full relief of all funding related directly to the current operating loan;
 - This recommendation provides the BMAHC relief of its responsibilities to repay the first and second amending operating loan;
- As a condition to the above relief, Council requires that all property studies and pre-development reports (including Request for Proposal materials) relating to 171 King Street be provided to the Town;
- That Council direct staff to consider the possibility of disposition of 171 King Street being the location of the previously proposed Gateway Site;
 - Through this process, Council would have the opportunity to clearly identify acceptable and/or preferred uses of the property while also clearly identifying uses that would not be considered;
- That Council commits to the continuation of the BMAHC on the basis of a similar business model and mandate to that of pre-2018 with a refocus on renewing and re-

establishing the following programs with funding sources coming from the Community Improvement Plan:

- Down Payment Assistance Program
- Secondary Suite Incentive Program;
- That staff proceed with the execution of an already developed Memorandum of Understanding (MOU) between the Town and the BMAHC;
- That Council provide formal and written notice of its intent to continue the BMAHC under a modified mandate and request that this notice be included on the BMAHC's Annual General Meeting (AGM) Agenda for 2023;
- That Council direct the CAO to work with Town staff and the BMAHC Chair to remove the current signage at 171 King Street.

Option 2:

The Blue Mountains Attainable Housing Corporation (BMAHC) would provide a formal written request to the Town for Council consideration of developing questions, motions, and resolutions that clearly provide guidance as to how Council wished to proceed with the BMAHC maintaining its existence in a manner that Council could provide direction on through the BMAHC's Annual General Meeting (AGM), or if Council wishes to dissolve the BMAHC. The BMAHC could schedule a Special Meeting of its Members in advance of the AGM to consider the content of the formal and written submission made by Council to the BMAHC.

As noted in Option 1, the process for bringing forth any motions for consideration at the BMAHC's AGM would be through Council as the Municipal Member of the Board providing the material in advance of the AGM. At the AGM, the Municipal Member (the Town) essentially controls the outcome of any vote of the Membership. This is due to the BMAHC by-laws having the provision of a weighted vote. The Municipal Member's vote, due to the weight of its one vote, shall carry even if all other votes outnumber the Municipality's one (1) lone vote.

Conclusion

Staff must advise Council and the public that no realistic scenario can currently be proposed that would see the BMAHC having the financial capability to pay off its debt or any variation thereof. Earlier in 2023, Council limited the BMAHC's ability to draw additional funds for any non-regular operational costs. By doing so, the Town limited its exposure to incurring a larger unpayable amount. The second amending operating loan agreement has an upset spending limit of \$1,200,000.

Town staff have met with the Chair of the BMAHC and had subsequent meetings with other BMAHC Members. Through these meetings, the BMAHC has provided Town staff with all relevant information and summaries relating to the historical expenditures, specifically from 2018 to the present, the financial commitments and obligations as well as any pending or future liabilities that are currently attached to the BMAHC.

The Town had arranged to have a third-party audit performed if the information provided by The Blue Mountains Attainable Housing Corporation (BMAHC) did not suffice. However, after working closely with KPMG it was deemed that the information provided was sufficient for the Town to understand the current financial position, future obligations, and outstanding liabilities associated with the BMAHC.

The financial information provided by the BMAHC noted that the costs related directly to staffing for BMAHC (2018 to March 2023) were \$534,254. This reflects 71% of the total spent from the current \$744,671. These costs are directly related to staff specific to the BMAHC.

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

Option 1:

Option 1 includes the full relief of all previous debt incurred by The Blue Mountains Attainable Housing Corporation (BMAHC) funded through the operation loan agreements. Ongoing costs related to the committed BMAHC operations include the costs relating to the one lone attainable housing unit that is managed by the BMAHC and owned by the Town. Discussions between the Town and the BMAHC continue to take place to look at opportunities to limit and or eliminate further operating costs where possible and appropriate.

Option 2:

There would be costs associated with the dissolution of The Blue Mountains Attainable Housing Corporation (BMAHC). Staff also note that a dissolution of the BMAHC would still result in the outstanding operating loan remaining unpaid.

Currently, staff recommend that the most cost-effective option is Option 1. This would allow the BMAHC to return to a pre-2018 function for 2024 and 2025 while providing Council time to determine the long-term viability within this Term of Council. Staff recommend that the outstanding funds remain unfinanced for up to three to five years or until an alternate source of funding can be identified.

H. In Consultation With

Gavin Leitch, The Blue Mountains Attainable Housing Corporation Chair

Sam Dinsmore, Acting 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

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Attachments:	
Final Approval Date:	Oct 26, 2023

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

Shawn Everitt - Oct 26, 2023 - 10:59 AM