



Report
Staff Report
 The Corporation of the City of Brampton
 9/4/2024

Date: 2024-08-21

Subject: **Response to Request for Funding Support from Ourboro Inc. and DUCA Impact Lab Social Enterprise Corp.**

Contact: Nash Damer, Treasurer, Finance

Report number: Corporate Support Services-2024-685

RECOMMENDATIONS:

1. That the report from Maja Kuzmanov, Sr. Manager Accounting Services/Deputy Treasurer, Finance to the Committee of Council of September 4, 2024, re: **Response to Request for Funding Support from Ourboro Inc. and DUCA Impact Lab Social Enterprise Corp.**, be received.
2. Council deny the request for a \$5 million grant to DUCA Impact Lab Social Enterprise Corp.

OVERVIEW:

- **At the July 10, 2024, City Council meeting, a representative from Ourboro Inc. and DUCA Impact Lab Social Enterprise Corp. (a not-for-profit entity) delegated to Council requesting a \$5 million grant as part of a shared equity program to assist Brampton residents with down-payment costs on the purchase of their first homes.**
- **The grant would be provided to DUCA Impact Lab Social Enterprise Corp. and would be used to provide a guaranteed credit facility to Ourboro Inc.**
- **Ourboro Inc. is a for profit corporation that provides equity capital to first-time homebuyers to be used for the down payment.**
- **Council referred Finance staff to review the delegation's request and report back at the September 4, 2024, Committee of Council meeting (C148-2024).**
- **The requested grant can not be funded from the federal Housing Accelerator Fund (HAF) as it does not increase the available housing supply, which is core requirement of the HAF.**

- **Should Council decide to proceed with the requested grant, the City will have to find an alternate funding source.**
- **Due to Legislative requirements and provisions of the Municipal Act, the City can not share in any potential return Ourboro achieves as a result of its shared equity program.**
- **Staff recommend that Council deny the request for a \$5 million grant to DUCA Impact Lab Social Enterprise Corp.**

BACKGROUND:

At the July 10, 2024, City Council meeting, representative from Ourboro Inc. and DUCA Impact Lab Social Enterprise Corp. delegated to Council requesting a \$5 million grant as part of a shared equity program for the residents of Brampton.

Through a shared equity program, Ourboro Inc. and the homebuyer would invest in a home through the down payment, in exchange for a share in the future value of the home.

The City grant would be given to DUCA Impact Lab Social Enterprise Corp. (a not-for-profit corporation) and would be used to provide a guaranteed credit facility to Ourboro Inc. Ourboro Inc. would then use the funds to invest alongside first-time homebuyers in the City of Brampton.

The delegation was referred to staff for review and report back at the September 4, 2024, Committee of Council meeting (C148-2024).

Ourboro Inc. is a for profit corporation that provides equity capital to homebuyers to be used for down payment. Ourboro Inc. co-owns the property alongside buyers for up to 30 years. Ourboro Inc. would then share in the property's appreciation or depreciation when it is eventually sold.

As part of the proposal, capital would be deployed by Ourboro Inc. only to first-time home buyers within the boundaries of the City of Brampton. Co-owners can sell the home anytime during the co-ownership period.

In 2023, CMHC provided a \$5 million loan to Ourboro Inc. through a Shared Equity Mortgage Providers Fund. Since then, CMHC ceased any further contributions to Ourboro Inc. and is currently no longer engaged with CMHC.

CURRENT SITUATION:

The City received a request from Ourboro Inc. and DUCA Impact Lab Social Enterprise Corp. for a \$5 million grant.

Unlike Ourboro Inc., the City would not be benefiting from appreciation in property values or receiving any other financial return.

In addition, there would not be any direct impact on increasing housing supply.

Notwithstanding potential social benefits to approximately 30 Brampton households that would be initially part of this program, there are no benefits to the City of Brampton.

In addition, in the event a relevant body were to determine that despite the grant to DUCA Impact Lab Social Enterprise Corp., this is an assistance to a for-profit commercial enterprise (Ourboro Inc.), it would be a violation of the anti-bonusing provisions of section 106 of the Municipal Act.

Consequently, staff recommend that Council deny the request for \$5 million grant to DUCA Impact Lab Social Enterprise Corp.

CORPORATE IMPLICATIONS:

Financial Implications:

The requested grant cannot be funded from the federal Housing Accelerator Fund (HAF) as it does not increase the available housing supply, which is core requirement of the HAF.

Therefore, should Council decide to provide the requested grant to DUCA Impact Lab Social Enterprise Corp., in the amount of \$5 million, it would be funded through the Legacy Reserve Fund.

Consequently, there would be investment income loss from the Legacy Reserve Fund, estimated at an annual amount of \$157,000 or a tax levy equivalent of 0.01%.

Purchasing Implications:

Due to the for-profit nature of Ourboro Inc., notwithstanding DUCA Impact Lab Social Enterprise Corp non-profit partnership with Ourboro Inc., best practices from a procurement perspective would suggest that the City conduct a process that tests the market for the best proposal.

STRATEGIC FOCUS AREA:

This report fulfils the Government & Leadership focus area through strict adherence to effective financial management policies and supports sustainable financial revenues.

CONCLUSION:

Representative from Ourboro Inc. and DUCA Impact Lab Social Enterprise Corp. delegated to Council in July 2024, requesting a \$5 million grant as part of a shared equity program to assist residents of Brampton with down-payment costs on the purchase of their first home. The delegation was referred to staff for review and report back to the September 4, 2024, Committee of Council meeting (C148-2024).

There is no financial benefit to the City and no direct impact on increasing housing supply, and therefore, staff recommend that Council deny the request for a \$5 million grant to DUCA Impact Lab Social Enterprise Corp.

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