

**Date:** 2023-08-31

**Subject:** **Recommendation Report: Request for Funding Support from Home Opportunities Non-Profit Corporation**

**Contact:** Nash Damer, Treasurer, Finance  
Steve Ganesh, MCIP, RPP,  
Commissioner, Planning, Building and Growth Management

**Report Number:** Planning, Bld & Growth Mgt-2023-769

**Recommendations:**

1. That the co-authored report from the Planning, Building and Growth Management Department and Corporate Support Services Department to the Planning and Development Committee meeting of September 11, 2023 re: **Recommendation Report: Request for Funding Support from Home Opportunities Non-Profit Corporation** be received;
2. That, per the request in the delegation from Mike Labbé of Home Opportunities Non-Profit Corporation ("Home Opportunities") to the Committee of Council Meeting of April 12, 2023, re: Affordable Housing Component of the Argo TFP 51-3 Mount Pleasant Lands, Council support the request for expedited approvals.
3. That, per the request in the delegation from Mike Labbé of Home Opportunities to the Committee of Council Meeting of April 12, 2023, re: Affordable Housing Component of the Argo TFP 51-3 Mount Pleasant Lands, and if Council should so choose, staff can be directed to defer the site plan application fees and make arrangements with Home Opportunities to enter into an agreement with the City to require fees be paid at building occupancy;
4. That, per the request in the delegation from Mike Labbé of Home Opportunities to the Committee of Council Meeting of April 12, 2023, re: Affordable Housing Component of the Argo TFP 51-3 Mount Pleasant Lands, Council deny the request to defer building permit fees to building occupancy;
5. That Council deny the request of a municipal guarantee on an Infrastructure Ontario loan, as any loan guarantee transfers the risk of credit default to the City

and would require the City to establish credit risk policies and resources to conduct annual credit risk assessments on loan guarantees and write-off amounts that do not meet the annual assessment criteria, in addition to establishing precedent for the provision of municipal lending services to other non-profit developments, which may ultimately impact the City's credit rating and ability to fund future strategic projects;

6. That Mayor Brown, on behalf of City Council, provide a letter to the Minister of Infrastructure supporting Home Opportunities' financing request to Infrastructure Ontario for the development of affordable housing in Brampton; and,
7. That Home Opportunities be requested to formally submit a loan application to Infrastructure Ontario, to allow the Province to complete its comprehensive credit risk review process, including thorough analysis of the borrower's financial position, ability to service the proposed loan, review of historical financials, project fundamentals and revenue projections.

**Overview:**

- **Home Opportunities is a non-profit organization focused on developing innovative solutions to deliver home ownership options for lower income households and is a recipient of the Housing Catalyst Capital Project Phase 1 Funding for \$1M. Their submission aligned with the City's Expression of Interest, supporting the provision of affordable ownership options affordable to income deciles 4 to 6, which was approved by Council on September 12, 2022.**
- **The Housing Catalyst Capital Project's contribution agreement is finalized, with key project milestones identified in the agreement for disbursement of the \$1M grant funding.**
- **Since Council's approval of the \$1M grant funding provided through the Housing Catalyst Capital Project to Home Opportunities, additional requests to the City have been made by Home Opportunities that require Council direction.**
- **On April, 12, 2023 Committee of Council received a delegation from Mike Labbé, President of Home Opportunities, seeking Council's approval for four requests that were referred back to City staff, and which are addressed in this report.**
- **Home Opportunities is requesting:**
  - **Expedited approvals**
  - **Deferred Planning Application Fees**
  - **Deferred Building Permit Fees**
  - **Support in Securing a Loan from Infrastructure Ontario**

- **Staff from Integrated City Planning, Development Services and Finance reviewed the requests, and their comments are outlined in the report.**

### **Background:**

Home Opportunities (HO) is a non-profit organization focused on providing innovative solutions to develop home ownership options for lower income households. The Housing Catalyst Capital Project is a deliverable of Housing Brampton, Brampton's first Housing Strategy that identifies four big move areas, including affordable ownership. HO is a recipient of the Housing Catalyst Capital Project Phase 1 Funding for \$1M. Their submission aligned with the City's Expression of Interest, supporting the provision of affordable ownership options affordable to income deciles 4 to 6.

Through the Plan of Subdivision application (City File: OZS-2021-0052) for ArgoTFP (lands located north of Bovaird Dr, and west of Mississauga Rd, within Mount Pleasant Block 51-3), a condition of draft approval (#102) of the agreement requires that affordable housing be delivered on those subject lands (a minimum of 76 new affordable housing units), per Council's request as a component of supporting the Minister's Zoning Order. To fulfill this condition of the draft Plan of Subdivision, HO has entered into an agreement with Argo TFP and Paradise Development for a portion of lands in the northeast block of their Plan of Subdivision.

A Pre-Consultation Application (File: PRE-2023-0034) for a future site plan submission for that affordable housing development was received by City staff earlier this year (March 2023) and comments have been issued. Their application proposes 137 new affordable ownership housing units.

The Housing Catalyst Capital Project's contribution agreement has been finalized, with key project milestones identified for dispersal of the \$1M grant funding. Since the approval of the \$1M grant funding to HO provided through the Housing Catalyst Capital Project, additional requests to the City have been made that require Council direction.

On April 12<sup>th</sup>, 2023 Committee of Council received a delegation from Mike Labbé, President of HO seeking Council's approval for four requests that were referred back to City staff to be outlined in this report.

### **Current Situation:**

At the delegation on April 12th 2023, the presentation outlined four requests that were referred back to City staff to be outlined in this report:

1. Expedited approvals
2. Deferred Planning Application Fees

3. Deferred Building Permit Fees
4. Support in Securing a Loan from Infrastructure Ontario
1. Expedited Approvals

City staff have advised HO that through the Housing Concierge Program, staff will work with the applicant to support the expedited processing of this application.

2. Deferred Planning Application Fees

HO is looking for a deferral of development application fees including site plan application and building permit fees until the closing of the condominium units. The deferral of planning application fees is discussed in this section, with building permit fees evaluated in the next section.

The current structure of the City's Tariffs and Fees does not contemplate waivers, deferrals or reductions of planning application fees for development applications. However, the *Planning Act* does allow for some flexibility in that a reduction or waiver of development applications fees is permitted under the *Act*. Other neighbouring municipalities, such as the City of Mississauga and Town of Newmarket, have interpreted this to mean that a municipality could defer planning application fees, and currently have a deferral program included within their fee by-laws. A challenge associated with the deferral of planning application fees is around the City's complete application requirements (which requires fees to be paid in full), as well as arrangements and agreements around the timing of when the fees are to be paid. If Council chooses, staff can be directed to defer planning application fees (or a portion thereof) for the site plan application and make arrangements with HO to enter into an agreement with the City to require fees to be paid at building occupancy.

Based on the Pre-consultation application submitted, the total applicable site plan application fees would be approximately \$87,248.00 based on the current indexed Development Application Fee By-Law (85-96). This includes the base fee and unit fee for 137 residential units which is currently proposed by HO.

3. Deferred Building Permit Fees:

The *Ontario Building Code Act* defines how building permit fees are established by a Municipality and further sets out the requirements under which a Chief Building Official must issue a permit. One of the criteria outlined within the regulation is the requirement that associated permit fees be paid prior to the issuance of a permit. It is therefore recommended that deferral of building permit fees not be considered. Of note, building permit fees are charged per square meter of building area. At the time of writing this report, the applicant has not provided necessary information required to calculate fees associated with the building permit process.

#### 4. Municipal Guarantee for Infrastructure Ontario Loan

Staff have evaluated the request from HO for a municipal guarantee on an Infrastructure Ontario loan. Information pertaining to the municipal guarantee is based on correspondence between Infrastructure Ontario and a company named Options International, provided in this report as Attachment 1.

This letter discusses the process for Options International to apply for and obtain financing from Infrastructure Ontario, which begins with applying for a loan that would initiate a credit risk review, pursuant to Infrastructure Ontario's Credit Risk Management Policy and sector lending guidelines. This comprehensive credit risk review process includes thorough analysis of the borrower's financial position, ability to service the proposed loan, review of historical financials, project fundamentals and revenue projections.

The correspondence further elaborates that should an organization not be able to meet Infrastructure Ontario's credit risk thresholds, that securing a municipal guarantee or CMHC Insurance could be an effective way to structure the loan as low risk and that Infrastructure Ontario would provide a significant discount on the interest rate of municipal guaranteed loans.

Note that by Infrastructure Ontario receiving a municipal guarantee or CMHC insurance on a given loan, they are transferring credit default risk to the municipality or CMHC, which allows them to provide a discounted interest rate. For example, should the City provide a municipal guarantee for a loan from Infrastructure Ontario where if the lender defaults, the City would be required to repay the loan. In addition, the loan would become a liability on the City's financial statements at the time the guarantee is provided and remain for the life of the loan.

On May 24<sup>th</sup>, 2023, staff met with the Founder and CEO of HO, Mike Labbé, to discuss the April 12<sup>th</sup>, 2023, delegation requests to Council, along with the contribution agreement that has been finalized in support of the City's \$1 million grant to this initiative. Through this meeting, Mr. Labbé confirmed that he has been in contact with representatives from the province and received confirmation that HO could apply for the same loan program offered to Options International. Staff asked Mr. Labbé if HO had formally applied for a loan from Infrastructure Ontario and received a response that HO has not formally applied to Infrastructure Ontario.

Staff recommend that HO formally apply to Infrastructure Ontario and undergo their comprehensive credit risk review process to determine the strength of HO financials, project fundamentals, revenue projections and ability to service loans. A formal loan application to Infrastructure Ontario will allow the Province to complete its comprehensive credit risk review process, including thorough analysis of the borrower's

financial position, ability to service the proposed loan, review of historical financials, project fundamentals and revenue projections.

To support the application to Infrastructure Ontario, the Mayor on behalf of Council can decide to provide a letter of support to help strengthen their application to Infrastructure Ontario.

In addition, staff recommend that Council deny HO request of a municipal guarantee on an Infrastructure Ontario loan, as any loan guarantee transfers the risk of credit default to the City and would require the City to establish credit risk policies and resources to conduct annual credit risk assessments on loan guarantees and write-off amounts that do not meet the annual assessment criteria, in addition to establishing precedent for the provision of municipal lending services to other non-profit developments, which may ultimately impact the City's credit rating and ability to fund future strategic projects.

### **Corporate Implications:**

#### Financial Implications:

##### *Deferral of Site Plan Application Fees*

Given the City's commitment to providing support to non-profit organizations that provide affordable housing, staff recommend supporting the deferral of the site plan application fees. This would result in foregone investment income to the City for the period of the deferral on the site plan application fees of \$87,248.

##### *Municipal Guarantee for Infrastructure Ontario Loan*

Granting this request to HO would establish precedent for the City to provide financing services to non-profit developments.

The City does not currently provide financing services or have resources to evaluate credit risk of business proposals. Establishing this precedent and providing financing services to non-profit developers would require the City to invest in additional operational requirements to deliver such a service, similar to Infrastructure Ontario with a formal Credit Risk Management Policy and credit risk evaluation process. In addition, any financing the City provides under such a program will become a liability on the City's balance sheet, which may limit debt capacity available to fund strategic projects and impact the City's credit rating.

#### Other Implications:

#### Legal Implications

The deferral of site plan application fees may result in the need for additional legal arrangements and or agreements to ensure that HO satisfies their financial obligations prior to building occupancy.

**Strategic Focus Area:**

This report directly aligns with the strategic focus area Government & Leadership by focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability and transparency.

**Conclusion:**

The City of Brampton is committed to providing support to non-profit organizations that provide affordable housing that meets the needs of residents. Staff will work with HO to provide expedited approvals for HO’s application and acknowledge that planning fee waiver requests are subject to Council’s decision. To support HO’s application to Infrastructure Ontario, the Mayor on behalf of Council can also decide to provide a letter of support to help strengthen their application to Infrastructure Ontario. However, staff have identified concerns for HO’s request to receive a municipal guarantee on an Infrastructure Ontario loan considering the risk and financial implications to the City by being involved in the process.

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**Attachments:**

1. Attachment 1- Options International Correspondence