



TO: GENERAL COMMITTEE

SUBJECT: REDWOOD PARK COMMUNITIES INC. INTERIM CONSTRUCTION FINANCING

WARD: ALL

PREPARED AND SUBMITTED BY: M. MIFSUD, MANAGER OF ACCOUNTING AND FINANCIAL REPORTING, EXT. 4530

C. SMITH, SENIOR MANAGER OF ACCOUNTING AND REVENUE, EXT. 5128

GENERAL MANAGER APPROVAL: C. MILLAR, CHIEF FINANCIAL OFFICER AND TREASURER

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the release of the final \$1 million out of the \$3 million interest-free loan commitment for the purpose of construction financing to Redwood Park Communities Inc., for a supportive housing project at 151/153 Lillian Crescent in the City of Barrie, with full repayment of the loan being the earlier of the completion of Redwood’s capital contribution campaign or December 31, 2025, be approved.
2. That Redwood Park Communities continue to provide a monthly report to the City, outlining the construction schedule, costs, and documentation to support all draws being made for construction expenditures associated with the supportive housing project.
3. That the Director of Legal Services and Chief Financial Officer / Treasurer be delegated authority to amend the existing promissory note agreement with Redwood Park Communities Inc.

PURPOSE & BACKGROUND

Redwood Park Communities Inc.

4. Redwood Park Communities Inc. (Redwood) is a registered charity with a mission to build safe, affordable communities that support families and individuals. Redwood is currently building a twelve-unit transitional housing development at 151/153 Lillian Crescent for which they are requesting an additional \$1 million in construction loan financing from the City, bringing the total loan for this project to \$3 million.

Current Loan Agreement

5. On September 15, 2021, the City of Barrie entered into a promissory note agreement with Redwood for an amount up to \$1,000,000, with an original repayment date of June 30, 2023. The promissory note agreement stipulated that no advance shall be made by the City until the City received satisfactory written confirmation of Redwood receiving appropriate funding approval from the Canada Housing and Mortgage Corporation (CHMC) for the construction of supportive housing projects. The repayment date was later amended by Council (motion 22-G-021) to reflect full repayment of the

unsecured loan the earlier of the completion of Redwood's capital contribution campaign or December 31, 2025. The entirety of this loan was to be applied to construction costs for the 151/153 Lillian Crescent project.

6. On June 21, 2023, Council approved motion 23-G-160:
 1. That Council approve the release of an additional \$1 million of the \$3 million interest-free loan commitment for the purpose of construction financing to Redwood Park Communities Inc. for a supportive housing project at 151/153 Lillian Crescent in the City of Barrie, with full repayment of the loan being the earlier of the completion of Redwood's capital contribution campaign or December 31, 2025.
 2. That Redwood Park Communities continues to provide a monthly report to the City outlining the construction scheduling, costs, and documentation to support all draws being made for construction expenditures associated with this supportive housing project.
 3. That the Director of Legal Services and Chief Financial Officer/Treasurer be delegated authority to amend the existing promissory note agreement with Redwood Park Communities. (FIN022-23)
7. On June 30, 2023, the City of Barrie entered into a new promissory note agreement with Redwood, which replaced the earlier promissory note for an amount up to \$2,000,000, with repayment of the unsecured loan the earlier of the completion of Redwood's capital contribution campaign or December 31, 2025. The entirety of this loan was to be applied to construction costs for the 151/153 Lillian Crescent project.
8. Staff are required to report back to Council with any requests for further funding above the \$2 million previously released.

Identifying and Supporting the Need for Supportive Housing

9. At its August 9, 2021 meeting, Council recognized the significant need in the City of Barrie to provide additional supportive and social housing for people facing and experiencing homelessness and strongly urged the CMHC to approve the grant applications submitted by Redwood to provide funding for two of their projects at the earliest opportunity (motion 21-G-198).
10. At its June 28, 2021 meeting, Council passed motion 21-G-188 that the City of Barrie would provide an interest-free unsecured loan of up to \$3 million to Redwood, with \$1 million to be released in the interim, for the purpose of construction financing for supportive housing projects in the City of Barrie and that the loan be subject to funding approval for the projects from the Canada Mortgage and Housing Corporation. Draws were to be supported by the submission of monthly documentation detailing scheduling, costs, and support for construction expenditures.
11. The loan from the City would be applied to projects approved by the CMHC and would be for construction costs only and no operating costs.

Additional Grants Provided

12. In addition to the commitments under motion 21-G-188, City Council approved motion 19-G-143 with respect to the supportive housing project on Lillian Crescent:

1. That By-law 2017-073 (Cash-In-Lieu of Parkland) be amended to provide that the requirement for payment for Cash-In-Lieu of Parkland be waived for emergency transitional housing owned or constructed by non-profit or charitable organizations.
2. That the proposed twelve (12) unit Redwood Park Transitional Housing Project at 151 Lillian Crescent be granted relief from the requirement of payment of By-law 2017-073 (Cash-In-Lieu of Parkland) in the amount of \$65,016.00 as the Project meets the criteria identified as Transitional Housing within the Built Boundary Community Improvement Plan.
3. That the Redwood Park Communities be provided a conditional grant in the amount of \$130,716.00 representing 75% of the Development Charge fees for the proposed transitional housing development at 151 Lillian Crescent and conditional on sufficient availability of the Community Benefits Reserve.

ANALYSIS

151/153 Lillian Crescent Project

13. Redwood submitted its first claim for a draw against the promissory note in April 2022 for the construction work on Lillian Crescent. The last submission was made in December 2023 when the \$2 million previously approved was fully utilized. Redwood is requesting to access the final \$1 million of the \$3 million unsecured commitment of construction financing for supportive housing projects, to fund ongoing construction costs related to this project.
14. As per the terms of the agreement, Redwood has provided satisfactory written confirmation of the receipt of appropriate funding approval from the CMHC for the construction of this 12-unit family supportive housing project.
15. Redwood has provided detailed reporting for the construction of the project, satisfactory to the City's Treasurer prior to receiving funding draws.
16. Redwood was previously anticipating substantial completion of the project by September 2023, with expected occupancy in October 2023. They are now anticipating substantial completion by early April 2024. Delays occurred due to a re-design to accommodate an accessibility lift, which delayed several other aspects of the project.
17. This project is also funded by the CMHC, the Salvation Army, and community donations.
18. The project budget increased by \$1.05 million in October 2023, prompting the request by Redwood to release the final \$1 million of available funding for this project. The budget increased due to contracts for finishing work that had not been previously secured, contracts that had to be revised due to changes, and contracts that expired and required updates.
19. Due to the increased budget, Redwood has indicated that they may require a mortgage to be able to repay the City the final \$1 million. The existing \$2 million promissory note is expected to be repaid from the funding sources noted in paragraph 17. Redwood has indicated that they are in discussions with other parties to provide additional grants/donations for the project, which may alleviate the need for a mortgage; however, they have indicated that they have received approval from their Board of Directors to place a mortgage on the property of up to \$1 million, if needed.

20. Redwood has indicated they are currently exploring mortgage options with three potential lenders and that mortgage costs would be built into the operating costs of the project, which are to be funded by the County of Simcoe and the Salvation Army.

ALTERNATIVES

21. The following alternative is available for consideration by General Committee:

Alternative #1: General Committee could decide not to approve the release of additional funding for the 151/153 Lillian Crescent project.

This alternative is not recommended as up to \$3 million in funding was approved in 2021 and has been factored into the construction financing of Redwood's supportive housing projects.

FINANCIAL

22. The financial implications related to the recommendations in this report are dependent on the amounts and timing of funds advanced. The City's opportunity costs each year are dependent on the loan outstanding and the timing of the advancement of funds and are measured by the City's weighted average cost of capital. The current 5 year moving average weighted cost of capital is 5.16%. There is credit risk to the City should Redwood default on its repayment of the loan proceeds.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

23. There are no environmental and/or climate change impact matters related to the recommendations:

LINKAGE TO 2022-2026 STRATEGIC PLAN

24. The recommendation(s) included in this Staff Report supports the following goals identified in the 2022- 2026 Strategic Plan:
- a) Affordable Place to Live
 - b) Community Safety
 - c) Thriving Community
25. Redwood is providing attainable housing options in conjunction with their mission statement.
26. The supportive housing projects contribute towards community safety and well-being.
27. The construction of affordable housing in the City provides an opportunity to support community wellness.