



**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

**DATE:** JUNE 21, 2023

**RECOMMENDED MOTION**

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 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 \$2 million.

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**Initial 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 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 loan the earlier of the completion of Redwood's capital contribution campaign or December 31, 2025. The entirety of this loan was applied to construction costs for the 151/153 Lillian Crescent project.
6. Staff are required to report back to Council with any requests for further funding above the initial \$1 million previously released.

**Identifying and Supporting the Need for Supportive Housing**

7. 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).
8. At its June 28, 2021 meeting, Council passed motion 21-G-188 that the City of Barrie would provide an interest-free 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 Canadian Mortgage and Housing Corporation. Draws were to be supported by the submission of monthly documentation detailing scheduling, costs, and support for construction expenditures.
9. 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**

10. 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**

11. 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 March 2023 when the \$1 million that was approved was fully utilized. Redwood is requesting to access an additional \$1 million to fund ongoing construction costs related to this project.
12. As per the terms of the agreement, Redwood has provided satisfactory written confirmation of the receipt of appropriate funding approval from the Canada Mortgage and Housing Corporation (CMHC) for the construction of this 12-unit family supporting housing project.
13. Redwood has provided detailed reporting for the construction of the project, satisfactory to the City's Treasurer prior to receiving funding draws.
14. Redwood is anticipating substantial completion of the project by September 2023, with expected occupancy occurring in October 2023.
15. This project is also funded by the CMHC, the Salvation Army, and community donations.

## **ALTERNATIVES**

16. 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 project.

## **FINANCIAL**

17. The financial implications related to the recommendations in this report are dependent on the amounts and timing of funds advances. Lost investment returns each year depend on the amount of the loan outstanding and the City's weighted average cost of capital. The current 5 year moving average is 5.2%. There is risk to the City should Redwood default on its repayment of the loan proceeds.

## **ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS**

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

**LINKAGE TO 2022-2026 STRATEGIC PLAN**

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