

# Reference Committee Staff Report



---

To	Finance and Responsible Governance Committee
Subject	Redwood Park Communities Loan Forgiveness Request
Date	April 30, 2025
Ward	All
From	C. Smith, Interim Director of Finance
Executive Member Approval	J. Schmidt, General Manager of Community and Corporate Services
CAO Approval	M. Prowse, Chief Administrative Officer

---

## Recommendation(s):

That the Report to Finance and Responsible Governance Committee dated April 30, 2025, concerning the Redwood Park Communities Inc. Loan Forgiveness Request, be received for information purposes.

---

## Executive Summary:

**The purpose of this report is to provide information and alternatives to Committee in relation to a request from Redwood Park Communities Inc. (Redwood), dated April 3, 2025, for partial loan forgiveness in connection with their \$3 million promissory note agreement with the City of Barrie for their supportive housing project at 151/153 Lillian Crescent. The request can be found in Appendix A.**

**Prior to this, a request dated February 4, 2025 for \$510,480 in “equivalency grant funding” through the City’s Community Improvement Plan (CIP) was received from Redwood, in support of the same project.** A staff memorandum from the Executive Director of Development Services dated February 19, 2025 addressed this request, concluding that the project was not eligible for additional CIP funding. This memorandum also outlined the various financial supports the City has provided Redwood in relation to this project. This memorandum can be found in Appendix B.

## Key Findings:

**The City has established criteria and programs for providing financial support to organizations.** Financial support may be provided when certain criteria are met (for example deferral of development charges), or funding may be awarded on a competitive basis to ensure transparency and fair consideration and treatment of the many organizations that could benefit from the City’s financial support (for example the CIP Per Door Grant).

**The City generally does not provide significant financial support to organizations outside of these established criteria and programs; however, Council can direct staff to do so if they wish.**

### **Financial Implications:**

Financial implications have been outlined alongside the alternatives presented below.

### **Alternatives:**

The following alternatives are available for consideration by the Finance and Responsible Governance Committee:

**Alternative #1** – Committee could approve Redwood’s request for loan forgiveness in the amount of \$500,000 against Redwood Park Communities Inc.’s \$3 million promissory note agreement with the City of Barrie dated March 8, 2024, on the condition that they repay \$1.8 million of the promissory note by June 30, 2025 and \$700,000 by September 1, 2025. Loan forgiveness would be funded from the Reinvestment Reserve.

This alternative would put pressure on the City’s Reinvestment Reserve.

**Alternative #2** – Committee could consider awarding Housing Accelerator Fund (HAF) funding, as an “Investment in Affordable Housing – Construction” is permitted in accordance with 5.1 of the HAF Agreement.

This alternative is outside of the established Housing Accelerator Fund Action Plan and would put pressure on available HAF funds. The HAF Contribution Agreement requires the City to meet a Housing Supply Growth Target of 6,825 permitted housing units by March 31, 2027. The units in this project have already been constructed, and had their permits issued prior to the HAF agreement’s effective date (i.e. they do not count towards the target). Although this is an eligible expense, awarding Redwood HAF funding does not help the City to meet its target. Additionally, Redwood had the opportunity to apply for HAF funding through the Housing CIP Per Door Grant program prior to occupancy, but did not apply, and will not be eligible during the next intake period as the units now have occupancy.

**Alternative #3** - Committee could deny Redwood’s request for loan forgiveness.

This alternative would result in Redwood having to find another solution to resolve the project’s funding shortfall before the \$3 million loan repayment is due December 31, 2025.

**Alternative #4** – Committee could offer loan forgiveness in an amount less than the amount requested by Redwood, with funding from the Reinvestment Reserve.

This alternative would put pressure on the City’s Reinvestment Reserve.

**Alternative #5** – Committee could extend the repayment terms of the promissory note agreement.

This alternative would extend the opportunity cost the City is incurring by loaning funds.

The City's opportunity costs are measured by the City's weighted average cost of capital. The current 5 year moving average weighted cost of capital is 5.23%. There is credit risk to the City should Redwood default on its repayment of the loan proceeds.

### Strategic Plan Alignment:

Alternative #	1	2	3	4	5	
Affordable Place to Live	X	X		X	X	Redwood is providing attainable housing options in conjunction with their mission statement
Community Safety						
Thriving Community						
Infrastructure Investments						
Responsible Governance			X		X	Financial stewardship

### Additional Background Information and Analysis:

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. 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.

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).

On September 15, 2021, the City of Barrie entered into a promissory note agreement with Redwood for an amount up to \$1 million, 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.

**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)

**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 million, 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.

**On March 6 2024, Council approved motion 24-G-041:**

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 continues 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. (FIN010-24)

**On March 8, 2024, the City of Barrie entered into a new promissory note agreement with Redwood, which replaced the earlier promissory note, for an amount up to \$3 million, 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. The promissory note was fully drawn upon on April 17, 2024 and the full \$3 million remains owing to the City.

**Consultation and Engagement:**

There was no public consultation required in relation to this staff report.

## **Environmental and Climate Change Impact Matters:**

There are no environmental and/or climate change impact matters related to the recommendation.

## **Appendix:**

Appendix A – Redwood Loan Forgiveness Request - April 3, 2025

Appendix B – Staff Memo – Redwood Park Communities CIP Funding Request – February 19, 2025

## **Report Author:**

M. Mifsud, Senior Manager of Accounting and Revenue, Finance

**File #:** Not applicable

**Pending #:** Not applicable