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Date April 10, 2024 **Report No.** 2024-149

To Chair and Members
Social Services Committee

From Brian Hutchings, Chief Administrative Officer
Acting Commissioner, Community Services and Social Development

1.0 Type of Report

Consent Item ☐
Item For Consideration ☒

2.0 Topic Governance Review of the Brantford Brant Local Housing Corporation [Financial Impact: None]

3.0 Recommendation

- A. THAT Report 2024-149 Governance Review of the Brantford Brant Local Housing Corporation BE RECEIVED; and
- B. THAT staff BE DIRECTED to take the required steps to prepare for the voluntary dissolution of the Local Housing Corporation (LHC) on or about December 31, 2024; AND
- C. THAT the City Clerk BE DIRECTED to forward a copy of the final resolution and staff report to the County of Brant.

4.0 Executive Summary

This report provides an analysis of the utility of voluntarily dissolving the Brant and Brantford Local Housing Corporation (LHC) and consolidating the City-owned affordable housing portfolio in efforts of establishing a common governance structure for the City's affordable housing stock and creating greater operational efficiencies.

This report also outlines the steps required to dissolve the corporation including the transfer of any assets of the corporation prior to any dissolution.

5.0 Purpose and Overview

The purpose of this report is to provide information on the utility of dissolving the LHC and consolidating the City-owned affordable housing portfolio, as well as to outline the steps required to complete same.

6.0 Background

A full report dated June 6, 2018, outlining the ownership and governance structure of the Brant and Brantford Local Housing Corporation (LHC) was provided to the Chair and Members of the LHC. A copy of the report is attached hereto at Appendix “A”.

By way of summary, the report sets forward the following background information regarding the LHC:

- Prior to 2001, housing in this geographic area was governed by a crown corporation. As part of the devolution of authority to the municipal level under the *Social Housing Reform Act* (“SHRA”), which was subsequently replaced by the *Housing Services Act*, the Province of Ontario created the LHC;
- The LHC was established by Articles of Incorporation on December 14, 2000, and is governed by the Ontario *Business Corporations Act*. The City is the sole shareholder of the LHC;
- On May 9, 2001, a Unanimous Shareholder Declaration was adopted, which declared that the business and affairs of the LHC will be managed and supervised by the City, through the Social Services Committee;
- The LHC has no employees, and all work relating to the LHC, and its assets, is completed by City Staff;
- On January 21, 2002, the City and the LHC entered into an agreement regarding the assets and management of the LHC. This agreement declares that all assets of the LHC are held in the capacity of bare trustee for the benefit of the City and that equitable title and beneficial interests in the assets of the LHC were transferred to the City. Upon request or direction of the City, the LHC will convey the legal title of the assets.

Additionally, the LHC assigned all rights and privileges to the City. In exchange, the City assumed all contractual and other obligations in respect of the assets; and

- Finally, the Trust Agreement directed that agreements were to be in the name of the City and not the LHC.

The 2018 report concluded that an analysis of the dissolution of the LHC, in conjunction with a consolidation of the City owned affordable housing portfolio, would be undertaken by Housing Staff and would be the subject of a future report.

The LHC currently owns 13 properties (totaling 863 units) in the City of Brantford and the County of Brant.

7.0 Corporate Policy Context

This report supports:

The City of Brantford Council's 2023-2026 Strategic Theme:

4. Create a vision and strategy for managing development and affordable housing.

County of Brant's 2019-2023 Strategic Priorities:

4. Reliable Infrastructure; and
5. Healthy, Safe and Engaged Citizens.

8.0 Input From Other Sources

City of Brantford - Finance Department

City of Brantford - Legal Department

9.0 Analysis

The management of the LHC was straightforward at the point of download and duties consisted of:

1. Providing, operating and maintaining housing accommodation, in accordance with legislation;

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2. Administering Programs providing rent-geared-to-income assistance including rent supplement; and
 3. Providing accommodation for persons with special needs.

Since the point of download, the number of affordable housing units have increased due to City-led development and have changed dramatically in terms of clientele, services, and supports provided as well as income type in the Brantford and Brant areas.

All new affordable housing developments¹ are owned by the City of Brantford and not the LHC or Brantford Municipal Non-Profit (BMNP).

With the variety of new additions to the affordable housing portfolio, various clients supported, and various methods of identifying revenues, the task of numerous budgets as well as the reporting structure for LHC, BMNP, and City-owned housing, managing affordable and community housing has become overly complex and cumbersome for staff as well as various committees and boards.

9.1 Benefits to Dissolution

The dissolution the LHC at the end of the 2024 budget year would see some distinct advantages as follows:

9.1.1 Flexibility to Shift Rent-Geared-to-Income Units

Under the *Housing Services Act*, 2011, the City of Brantford as Service Manager is required to maintain 1,645 rent-geared-to-income housing units known as Service Level Standards.

Dissolving the LHC and transferring its assets to the City of Brantford, will allow for flexibility to introduce market rent and affordable rent units in any previous LHC building, where deemed appropriate, and shift rent-geared-to-income units across the entire housing portfolio while maintaining the required Service Level Standards.

¹ The County of Brant has interest in some new developments as per the Shared Social Services Agreement (SSA) signed in November 2021.

Introducing market or affordable units across the portfolio, introduces a healthy income mix across and a potential for increased revenues, where applicable across the affordable housing portfolio.

9.1.2 Risk Management and Insurance Savings

Having all affordable and community housing units under the City would benefit from risk management economies of scale savings and the ability to insure of the City's premium.

9.1.3 Finance, Reserve and Budget Streamline

Having all affordable and community housing units under the City would create efficiencies in the City's yearend process by reducing the number of separate audits by one, which would result in annual savings of approximately \$1,500.

Consolidating the housing into the City will also allow the City to reduce the number of reserves that are being managed as the current Shared Services agreement defines how costs for LHC and Affordable Housing units are shared with the County. This will also lead into streamlining of the capital budgets as creating budgets and maintaining capital reserves for a number of entities is time consuming and does not allow for reserve fund flexibility between City owned (newly developed) housing and LHC.

9.1.4 Quarterly Reporting and Annual General (AGM) Meetings

Dissolving the LHC would dissolve the LHC board, make AGMs unnecessary and drastically reduce redundant quarterly operating reports that are currently provided to the LHC Board.

All affordable and community housing business would therefore be consistently reported on as required to the Social Services Committee with understandable, consistent Key Performance Indicators for all city-owned housing units.

9.1.5 Clarifying the Property Management Structure

The LHC does not have employees. City staff in the Housing and Homelessness Services Department provides day-to-day property

management, rent collections, building maintenance, capital asset management and any other work related to the LHC.

An LHC Shareholder Declaration was adopted on May 9, 2001 that referenced the Management Services Agreement (MSA) that was to be executed whereby the work of the LHC could be undertaken by City Staff. It cannot be determined if the MSA was ever executed or whether it was lost over time.

The dissolution of the LHC will resolve this issue and City staff will remain responsible for the day to day property management services.

9.2 Next Steps

Pursuant to section 35 of the *Housing Services Act*, a Local Housing Corporation shall not be dissolved unless (a) the Service Manager consents in writing; and (b) the requirements prescribed for the purpose of the clause are satisfied. For the purpose of s. 35(b), s. 16 of O. Reg 367/11 provides that, when steps are taken to wind-up or dissolve a Local Housing Corporation, the corporation must not own any real property that was transferred under a transfer order under Part IV of the Social Housing Reform Act.

As previously noted, the City is the sole shareholder of the LHC. Furthermore, under the terms of the agreement between the City and LHC dated January 21, 2002 (the "Trust Agreement"), the LHC holds all of its assets in the capacity of bare trustee for the benefit of the City. Section 2 of the Trust Agreement further provides that, at the request of the City, the LHC shall convey the assets to the City or as the City may otherwise direct. Accordingly, in order to dissolve the LHC, the City shall

- (a) Direct the LHC to transfer its assets to the City pursuant to s. 2 of the Trust Agreement; and
- (b) Consent to the dissolution of the LHC in writing. Pursuant to section 35.1 of the *Act*, the Service Manager shall give the Minister written notice within 30 days of giving such consent. Section 16.1 of O. Reg. 367/11 provides that such notice must (a) describe the transaction or activity for which consent was given; and (b) describe how the transaction or activity will affect the local housing corporation.

Once the assets have been transferred to the City, the LHC may be dissolved.

Articles of dissolution must be drafted and a special resolution passed by the corporation's shareholders. The corporation must ensure that all its debts and obligations have been satisfied.² If the corporation no longer has any assets or debts, the corporation can proceed with filing the necessary documents with the Registrar of Companies. After the articles are filed, the Registrar will issue an Article of Dissolution. After the certificate is received, the corporation's minute books should be updated to reflect the dissolution.

10.0 Financial Implications

Should this report be approved, the cost of transferring title of the housing units from the LHC to the City is \$86.00. Additionally, there would be minor costs associated with dissolving the corporation, estimated to be approximately \$1,000.00.

Any dissolution of the LHC would see insurance savings, removal of the annual cost of a separate audit, and the decreased administrative time required to provide reports and conduct meetings for a separate corporation.

11.0 Climate and Environmental Implications

There are no environmental impacts associated with this report.

12.0 Conclusion

The Brantford-Brant Local Housing Corporation (LHC) is a separate legal entity governed by the Ontario Business Corporations Act and by its own governance documents.

Staff believes that the continuation of the LHC is no longer required and dissolving the LHC would allow for flexibility in applying rent-geared-to-income units (Service Level Standards) and consistent key performance indicators across all affordable and community housing communities. In addition, the City would benefit from economies of scale saving and a reduction of duplicate and cumbersome reporting requirements, multiple AGMs and the dissolution of the Local Housing Corporation Board of Directors.

² This includes paying all unpaid taxes, filing the final tax returns and obtaining the tax clearances necessary for the dissolution.



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Attachments (if applicable)

Appendix A – Report CS2018-065 *Ownership and governance of the Brant and Brantford Local Housing Corporation*

Copy to: NA

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required ☐ yes ☒ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☐ yes ☒ no