
REPORT TITLE: Abbeyfield Houses Society of Caledon – Proposed Loan Termination

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

- 1. That Council approve waiving the balance of the Region of Peel’s loan to Abbeyfield Houses Society of Caledon (“Abbeyfield”) as of July 31, 2021 in the amount of \$168,962 including interest that has accrued from May 2010 to July 2021, to be funded from within the 2023 Housing Support operating budget, and the termination of the related Loan Agreement dated October 13, 2009 between the Region of Peel and Abbeyfield; and**
- 2. That the Region of Peel be authorized to enter into a tri-party Lease Amending Agreement with Peel Housing Corporation (PHC) and Abbeyfield to clarify and confirm the continuation of the Lease Agreement between PHC and Abbeyfield on termination of the Regional Loan Agreement; and**
- 3. That the Director of Housing Services be given authority to execute such documents as may be necessary to terminate the Regional Loan Agreement with Abbeyfield, discharge the security related to the loan and execute a tri-party Lease Amending Agreement.**

REPORT HIGHLIGHTS

- Abbeyfield Houses Society of Caledon entered into a Contribution Agreement with the Region of Peel on September 29, 2009 under the Provincial Affordable Housing Program (AHP). This agreement provided development funding in the amount of \$1,800,000 for Abbeyfield to build 12 units for low and modest-income seniors in Caledon. The Region of Peel provided a \$300,000 repayable loan to offset some of the development costs.
- Abbeyfield is situated on land owned by Peel Housing Corporation at 22 Walker Road. Peel Housing Corporation (PHC) has leased the land to Abbeyfield for a term of 20 years, at no cost, with an option to renew for a period not exceeding ninety-nine years. Abbeyfield must pay their portion of the property taxes.
- In 2020 and due to financial constraints, the Abbeyfield Board requested the Region waive the repayable loan.
- After working with the Board to address operational, program model and vacancy concerns, staff is recommending the termination of the loan agreement and forgiveness of the balance owing to ensure the project remains financially viable and that the Region of Peel and Abbeyfield meet the obligations, including the requirement to remain affordable, as set out in the Provincial AHP agreement for the remainder of the 20-year term.

Abbeyfield Houses Society of Caledon – Proposed Loan Termination

- The remaining loan amount of \$168,962 including interest, will be paid for from the 2023 Housing Support operating budget.
-

DISCUSSION

1. Background

Abbeyfield is part of an over-arching international society, Abbeyfield Societies. In the original business plan, it was to be the first senior family style house in Caledon. The Abbeyfield concept was meant to address the lack of affordable housing for seniors in the community.

The Abbeyfield model is based on family style living. The units are not self-contained as they do not have kitchens. The residents pay \$2,075 per month which covers most of their living expenses. This charge covers rent, food, transportation, utilities and other supports.

Abbeyfield entered into a Contribution Agreement with the Region of Peel on September 29, 2009 under the Provincial Affordable Housing Program (AHP). This agreement provided development funding in the amount of \$1,800,000 for Abbeyfield to build 12 units. The Region of Peel provided a \$300,000 repayable loan to offset some of the development costs.

The loan agreement between Abbeyfield and the Region of Peel was signed October 13, 2009 for a 20 year term. As of July 31, 2021, \$275,974 has been paid back to the Region of Peel.

The project sits on land owned by Peel Housing Corporation (PHC) at 22 Walker Road. PHC entered into a lease agreement with Abbeyfield for a term of 20 years at a rate of \$1 per year. PHC has waived the requirement for Abbeyfield to pay rent, but they are responsible for their portion of the property taxes and other shared expenses.

2. Findings

The Region of Peel does not provide any funding, subsidy or operational, to Abbeyfield. Abbeyfield's monthly charge includes an affordable rent component guided by the funding requirements of the Ministry. Although the rental component is affordable the overall monthly charge surpasses the income threshold for the Centralized waitlist. Therefore, Abbeyfield does not utilize Peel's centralized waiting list (CWL) to house their residents because their model does not fit with the eligibility requirements and the inclusive housing charge prohibits placing applicants from the CWL.

Despite having a list of potential applicants when they first opened in 2010, the project was unable to reach full occupancy for many years and this impacted the projects financial viability. Regional staff and the Abbeyfield Board have met on numerous occasions to discuss the model, operational costs, marketing plan, and occupancy with the goal of developing a plan for future viability. Abbeyfield recruited new board members with specific skills to market vacant units and fundraised to increase revenue. Since 2021, the project has been at full occupancy and has raised over \$115,000 in donations and fundraising. The Board's actions have positioned Abbeyfield well for the future. Waiving the Region's loan

Abbeyfield Houses Society of Caledon – Proposed Loan Termination

only serves to assist the Board in meeting their objective of providing affordable care for Caledon's seniors.

3. Proposed Direction

Regional staff has worked closely with the Abbeyfield Board on a proposed solution to their operational shortfall. Terminating the Regional loan agreement and forgiving the balance owing would assist Abbeyfield to remain financially viable while also ensuring that the Region of Peel and Abbeyfield meet the obligations set out in the Provincial AHP agreement.

The Lease Agreement between PHC and Abbeyfield is included as a schedule to the Loan Agreement. In order to ensure that the terms of the Lease Agreement continue, a tri-party Lease Amending Agreement between the Region of Peel, PHC and Abbeyfield would be required.

Savings from the monthly loan payment can be redirected to offset other expenses such as property taxes, capital reserve fund expenditures or internal subsidies for low-income seniors in need of assistance.

RISK CONSIDERATIONS

Abbeyfield is required to maintain the project's affordability target for the full 20-year term of the AHP Contribution Agreement. Abbeyfield has been able to demonstrate future financial viability if the remainder of the loan is waived, and they will be able to meet their requirements of the full 20-year AHP term. They will also be able to pay for all their operational and capital expenses on their own, and they will not need further financial assistance from the Region.

In the unlikely event that they cannot meet their obligations, the province could request repayment or recovery of all of the funds provided for the Abbeyfield project. In order to repay these funds, the Region of Peel could be required to realize and enforce on its collateral security whereby the Region of Peel could sell the personal property and assets of Abbeyfield related to or arising from the operation of the Abbeyfield project.

FINANCIAL IMPLICATIONS

The remaining loan amount of \$168,962 including interest, will be paid for from the 2023 Housing Support operating budget.

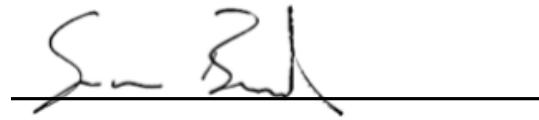
CONCLUSION

Staff is recommending that Council approve the termination of the loan agreement and waiving of the remainder of the Regional loan including interest in the amount of \$168,962.

Abbeyfield has had some financial challenges since the project opened in 2010. Through new leadership a viable approach has been developed. The savings from the monthly loan payments will be used to offset other expenses such as property taxes, capital expenditures and/or be used to provide internal subsidies to low-income seniors who otherwise could not afford the monthly rental costs. This will ensure Abbeyfield continues to provide affordable care for senior living in Caledon.

Abbeyfield Houses Society of Caledon – Proposed Loan Termination

The Region of Peel will continue to work with and support the Abbeyfield board under the terms and conditions of the AHP Contribution Agreement.

A handwritten signature in black ink, appearing to read "Sean Baird", is written over a horizontal line.

Sean Baird, Commissioner of Human Services

Authored By: Laura Simpson, Housing Specialist