



Working together with our community

Council Meeting – July 22, 2025

Subject: Haldimand Norfolk Housing Corporation – Gibraltar Street Project Update
Report Number: ESS-25-001
Division: Emergency and Social Services
Department: Housing and Social Services
Ward: All Wards
Purpose: For Decision

Recommendation(s):

That Report ESS-25-001 Haldimand Norfolk Housing Corporation – Gibraltar Street Project Update be received as information;

And that Council approve the updated plan for the Haldimand Norfolk Housing Corporation Delhi (Gibraltar Street) housing project, including increased housing unit total to twenty-five (25) and a community partnership with Norfolk Association for Community Living;

And further that Council permit Haldimand Norfolk Housing Corporation to use proceeds from previous sales of legacy assets to fund predevelopment and preconstruction needs, including final design development, Class B report and additional supports, in order to submit CMHC funding application prior to September 30, 2025, and aligned with project timelines, with an upset total limit of \$845,000;

And further that Council authorize the Treasurer / Director, Finance to approve submission of application to CMHC with a Norfolk County contribution to the project of \$1.0 million dollars plus building permit fees.

Executive Summary:

Presented and approved in April of 2024, the Gibraltar Street project in Delhi with Haldimand Norfolk Housing Corporation (HNHC) created new affordable and market rent housing units while maintaining the rent-geared-to-income (RGI) units in the Service Manager portfolio.

The original plan for sixteen (16) total units (ten (10) RGI) has now been modified to include twenty-five (25) total units (ten (10) remain RGI), a community partnership with Norfolk Association for Community Living (NACL), and while maintaining budgetary and project parameters approved previously.

Occupancy currently is slated for late 2026, however, this aggressive timeline requires funding approvals from Norfolk County Council, and applications for grants and funding to be completed and approved by end of September 2025.

The project requires background pre-development work to be completed to be eligible for grant and funding opportunities. This requires Norfolk County Council to authorize HNHC to use some of the proceeds from the sales of properties in order to ensure planning approvals, design development, and any required assessments/inspections are completed, and the project is ready for initiation of construction. The current budgeted amount for all pre-construction work is \$845,000.

The budgeted contribution for operational sustainability from Norfolk County was set at \$5 million dollars, however with the addition of a partnership and the design-build approach used with the RFP, the original budgeted costs have decreased, which has led to a decrease in needed contribution.

The total contribution necessary from Norfolk County will now be \$1.0 million dollars plus building permit fees. Staff remain optimistic that the comprehensive funding plan that includes this municipal contribution, CMHC financing, the proceeds from sales of legacy assets, and potential contribution from the community partner will support the total project cost of an estimated \$7,777,000.

Discussions:

HNHC completed a design/build RFP for the project, which received three submissions. HNHC is in negotiations with proponents, all submission met the requirements with 25 units.

The new design of the building for Gibraltar Street has been enhanced to better fit the site and optimize resources available to leverage additional housing options. The total number of units has now increased from sixteen (16), including ten (10) RGI, to twenty-five (25) total, still including the ten (10) RGI units. This will bring nine (9) new additional affordable housing options to the community. The addition of units also positively supports the long-term operational sustainability of the building.

A unique partnership with NACL will further enhance the building of a complete community with additional access to housing for vulnerable adults in our community that are challenged with finding supportive cohabitation opportunities. The plan now includes two (2) three-bedroom accessible apartments, with shared living facilities, which will support six adults in our community. Working with community partners allows the project to have long-term support towards sustainability and encourages thoughtful innovation into future projects.

HNHC has begun a portion of the pre-development, pre-construction work for the Gibraltar Street project, but there remains a significant amount to complete in a short timeline. In order to be eligible for grants and funding with CMHC, the project needs to

be “shovel-ready” to qualify. For this project, that means pre-construction engineering, planning approval process, feasibility surveys (including a Class B Quantity Surveyor report), and design development. The total costs for feasibility and pre-construction processes are not to exceed \$845,000. Staff are recommending the authorization of HNHC to use proceeds from the sales of legacy assets to fund these pre-construction costs for this project.

The updated proforma for the Gibraltar Street project provides for an overall decrease in cost to the municipality, despite an increase in housing unit numbers within the project. This results in an overall contribution decrease of \$4.0 million dollars. The property tax rebate for the life of the development remains consistent as was approved in the previous Council report.

Finance Comments:

For this project to be eligible for grant funding, financing, and to meet the “shovel-ready” requirements for CMHC, the feasibility and pre-construction phases of the project must be completed. The upset budget to complete this work is \$845,000.

Phase	Budget
Feasibility	\$232,500
Pre-Construction	\$415,000
Development Management	\$197,500
Total	\$845,000
Spent to Date (approx.)	\$250,000
Remaining Need	\$595,000

The County provides a property tax rebate to housing providers equal to the property taxes the development is required to pay annually. The County currently provides HNHC with a property tax rebate on the 10 properties that will be sold as part of this regeneration plan. These rebates will no longer be provided upon the sale of the units, resulting in savings of approximately \$17,000. The increase in property taxes for the new building will be dependent on MPAC’s assessment. The property taxes will be included in the operating budget moving forward.

As included in Report HSS-24-016, Council approved in-kind contributions relating to building and planning fees. The planning fees have been included in the capital cost of the project. The building permit fees have not yet been calculated; they will be calculated at the time of application. The County will provide the cost of planning fees and building permit fees directly to the Planning and Building departments to ensure that revenue is recorded properly within them.

The increase in rental revenue due to the increase in units has contributed to the reduced financial contribution required by the County.

When this project was initially brought forward, construction was estimated to be underway in early 2025, and the contribution from the County was estimated at \$5.0 million. The 2025 Levy Operating Budget included the contributions for this project, both the initial mortgage payment estimates and the transfer to reserves to be able to pay the full investment requirement within 10 years. As the County had included these contributions in the 2025 budget, the County will have the required \$1.0 million plus building permit fees to provide HNHC. The planning fees of approximately \$55,200 are included in the \$1.0 million requirement.

As presented in Table 1, there is a need for approximately \$1.1 million in financing by HNHC. Noting that all other financing categories would be exhausted prior to the County's contribution.

Table 1 – Capital Costs (rounded)

Total Project Cost	\$ 7,777,000
Funding Contributions	
CMHC's AHF, Non-Repayable Loan	2,333,100
CMHC's AHF, Financing	1,093,900
Norfolk County Contribution	1,000,000
HNHC - Proceeds from townhouse sales	3,250,000
NACL Contribution	100,000
Total Contributions	7,777,000
Capital Surplus (Deficit)	\$ -

As presented in Table 2, the facility will generate enough revenue to cover the financing costs along with all operating costs (excluding property taxes) and a transfer to reserves for future capital needs.

Table 2 – Operational Costs (rounded)

Revenue	\$ 280,800
Operating Expenditures	
Administration Costs, Reserves & Insurance	81,800
Utilities	26,400
Operational Expenses	117,500
Financing Costs	
Mortgage	55,100
Operating Surplus (Deficit)	\$ -

Interdepartmental Implications:

N/A

Consultation(s):

Norfolk County Finance, Haldimand Norfolk Housing Corporation

Strategic Plan Linkage:

Building Norfolk - Develop the infrastructure and supports needed to ensure complete communities

Housing needs in Norfolk County continue to rise, and building additional capacity into current projects, with a positive budgetary impact, successfully supports this strategy.

Attachment(s):

None

Approval:

Reviewed and Approved By:
Al Meneses, Chief Administrative Officer

Prepared By:
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Amy Vesprini, Supervisor, Financial Planning and Reporting