



Council-In-Committee Meeting – September 09, 2025

Social Services and Housing Advisory Meeting – August 25, 2025

Subject: Service Manager Approval to Merge Long Point Area Non-Profit Housing Corporation into Haldimand-Norfolk Housing Corporation
Report Number: ESS-25-003
Division: Emergency and Social Services
Department: Social Services and Housing
Purpose: For Decision

Recommendation(s):

That Report ESS-25-003 Service Manager Approval to Merge Long Point Area Non-Profit Housing Corporation into Haldimand-Norfolk Housing Corporation be received as information; and

That Norfolk County, as the Consolidated Municipal Service Manager, give consent to Long Point Area Non-Profit Housing Corporation (LPAHC), to transfer its assets and liabilities into Haldimand-Norfolk Housing Corporation (HNHC), and dissolve the Board of Directors of LPAHC as of December 31, 2025;

And that Norfolk County authorize the Mayor and Clerk to enter into an operating agreement with HNHC for the operation of 38 Erie Avenue, Port Rowan, after the mortgage ends on the property on November 1st, 2025;

And that the Norfolk County Council authorize the Acting Director of Social Services and Housing to communicate this Service Manager consent to the respective Boards and the Ministry of Municipal Affairs and Housing in accordance with the Housing Service Act.

Explanation:

HNHC and LPAHC, in their capacity as housing providers, are subject to the Housing Services Act, 2011, and Section 166 of the Act states that a housing provider shall not engage in certain prescribed corporate changes, such as amalgamations, mergers, dissolution of a housing provider, without first obtaining the consent of the applicable Service Manager.

Executive Summary:

HNHC and LPAHC are seeking Service Manager approval to merge LPAHC operations into HNHC as of December 31st, 2025.

Long Point Area Non-Profit Housing Corporation was incorporated in 1988. It is governed by 7 Board members, owning and operating 2 buildings and 12 townhomes built in 1990 in Port Rowan.

In 2024, the respective Boards of HNHC and LPAHC passed motions to approve a merger, including the transfer of assets and liabilities into HNHC. A formal request was then submitted by LPAHC to the Service Manager requesting consent to merge with HNHC.

Staff recommend that Norfolk County, as the Consolidated Service Manager for Haldimand and Norfolk, provide consent for this merger and dissolution of the LPAHC corporation. The following report provides the background, context and rationale.

Discussion:

Background and Context:

Social Housing Transformation and LPHAC's Plan for the Future

The social housing system is undergoing fundamental transformation and modernization. Funding and obligations for housing providers were historically tied to mortgages and these agreements generally end once mortgages are fully paid off. For LPAHC, their 35-year mortgage ends November 1st, 2025.

Within this context, Service Managers are engaging with housing providers to enter into new agreements to continue to offer affordable units. A key component of these agreements is assessing the long-term viability of buildings, including their age and condition, adequacy of capital reserves, and a 10-year operational outlook.

In June 2023, LPAHC enlisted the support of Housing Service Corporation (HSC) to conduct a viability assessment. The assessment described LPAHC as having strong operating and asset management policies, largely due to HNHC's role as the managing agent. HNHC has kept LPAHC current on best practices, including the use of Asset Planner to create long-range capital plans.

In addition to the End of Operating Agreements, LPAHC decision to merge was informed by common sector challenges:

- **Aging Properties** – most social housing was built 35 to 50 years ago and keeping buildings in good condition becomes increasingly difficult. The buildings

of LPAHC were given a rating of 'good' in 2023, however, the assessment noted that "annual reserve contributions at the current levels will not be enough to complete all the major repair/replacement needs projected over the next 10 years".

- **Governance sustainability** - LPAHC's Board, like many other housing boards, consists of volunteers who have served the organization for decades and succession planning for new board members is getting increasingly more challenging.
- **Increased Governance and Regulatory Expectations** - Compliance with a variety of complex legislation continues to increase administrative demands.
- **Operational Sustainability** – Social housing operating costs are increasing faster than rent revenues (i.e. Insurance costs, snow clearing, maintenance & repairs). The 2023 Viability Assessment notes the importance of phasing in rent increases and the adoption of policies (such as a non-smoking policy) to support financial sustainability. Since the viability assessment of 2023, LPAHC has increased rents by 5%. A review and revision of the affordability mix of the units with Service Manager and Ministry, has the potential to create a more economically diverse community as well as enhance the future viability of the property.
- **Financing Building Renewal and New Development** - Non-profit providers are increasingly expected to be far more entrepreneurial, manage more financial risk, and seek multiple funding sources to expand affordable housing. LPAHC in particular, as illustrated in the arial picture below, has significant serviced land that is prime for building intensification, fitting into HNHC renewal and expansion plans. Being a part of a larger organization will greatly assist LPAHC in maximizing the potential of its property.

Land and Building

LPAHC is comprised of 40 units located at 38 Erie Avenue, Port Rowan:

- 12-unit Townhouse complex for families
- 20-unit apartment building for seniors
- 8-unit apartment building for adults and seniors

Currently, 35 of these units are Rent-Geared-to-Income (RGI) and 5 are affordable market units.

LPAHC has relied on HNHC as its property management company for 35 years. This long-standing relationship makes a merger smoother for all parties, and in particular tenants who will see little to no change in service.

The property covers 7 acres of land (see Figure 1), well-suited for intensification.

Figure 1 – LPAHC Property Overview



Board Resolutions and Tenant Engagement

In 2024, both Boards declared their intention to merge

- May 21, 2024 - the LPAHC Board passed a motion to dissolve and entrust future management to HNHC.
- September 18th, 2024 - The HNHC Board passed a resolution to accept the assets and liabilities of LPANPC and agreed to the effective date.
- Sep 25th, 2024 – the LPAHC Board provided a more detailed resolution describing the transfer of assets and liabilities, wind down and dissolution, including insurance and closure of various accounts.
- Sept 25th, 2024 – the LPAHC Board, HNHC Staff, accompanied by Councillor Tom Masschaele and General Manager of Health, Social Services and Housing, Sarah Page, hosted a tenant meeting and BBQ to communicate the board’s intention.
- October 10th, 2024 - the LPAHC Board sent a formal letter to the Director of Housing and Social Services, Stephanie Rice, requesting consent to dissolve the board at end of operating, noting that their lawyer had prepared a formal resolution “2024-03 “Transfer of Assets and Liabilities” as previously requested by the Service Manager.

Both organizations have enlisted joint legal counsel to establish a wind-down work plan as well as an “Asset Transfer and Assumption of Liabilities Agreement”. It is expected that the legal proceedings will take about 2 months to process with a targeted merger date of December 31, 2025, which aligns to both organization’s fiscal year ends.

HNHC has a robust tenancy engagement strategy and is committed to communicating all changes. In this case, and from the experience of the merger of Del-Gold Villa, no current tenant impacts are anticipated.

Amalgamations (mergers or consolidations) are becoming more common among non-profit housing providers for a mix of financial, operational, and strategic reasons, the main drivers being:

1. Economies of Scale

- Cost savings through pooled resources, bulk purchasing, and reduced administrative duplication.
- Shared specialized staffing (asset managers, tenant support, IT, HR, legal).

2. Increased Access to Funding & Financing

- Federal and provincial programs favour larger providers with demonstrated capacity.
- Banks consider larger providers lower-risk due to larger as well as diversified assets and revenues.

3. Better Long-Term Sustainability

- Supports recruitment of skilled board members and staff.
- Provides capital for repairs, spreads risk and strengthens reserves.

4. Regulatory & Policy Pressures

- Provincial governments and municipal service managers are encouraging amalgamations to simplify oversight, reduce administrative burden, and improve accountability.
- Some service managers prefer to deal with fewer, larger providers rather than dozens of small ones, this approach creates efficiency while fostering stronger coordination of resources.

5. Ability to Develop New Housing

- Larger providers are better positioned to take on development projects and partnerships.

6. Improved Tenant Support

- Larger organizations can implement coordinated strategies for communication, satisfaction tracking, and community programming.

7. Succession Planning

- Amalgamations address leadership transitions as long-time board members retire.

Finance Comments:

Norfolk County

There are no direct financial implications within the report as presented. All costs related to the amalgamation will be paid for LPAHC and HNHC. This is because HNHC will continue to receive the same financial support as LPAHC did to operate their entity.

The subsidy for historical RGI unit providers (downloaded by the Federal, and soon after, Provincial governments to Municipalities) was determined by the *Social Housing Reform Act, 2000* (since replaced by the *Housing Services Act, 2011*). Non-Municipally owned housing provider budgets are determined by calculating the operating, RGI, and tax subsidies, with the Municipality funding any deficit from these budgeted calculations. Mortgage costs remain funded by the federal government.

As per the shareholders' agreement with Haldimand County, Norfolk County provides the funding for LPAHC, this will not change with the amalgamation. For LPAHC, the Approved 2025 Operating Budget includes a subsidy of \$331,200. Net of federal mortgage funding, the levy supported amount is \$169,900.

Going into the 2026 budget year, HNHC will be funded the same way as LPAHC for the continuation of their operations. This practice is in line with the former Del Gold Villa Non-Profit Housing Corporation after they merged their operations with HNHC. With the mortgage maturing in November 2025, it is anticipated that, net of Ministry index adjustments for operating costs, and property tax adjustments, HNHC will receive \$169,900 in levy support to operate these units in Long Point.

Haldimand County

This report has no financial implications for Haldimand County. Under the current cost sharing arrangements, any municipal levy costs related to this merger should be borne directly by Norfolk County as these units are located in Norfolk County, including any operating subsidy, capital needs and property tax recovery.

Consultation(s):

HNHC CEO and Manager of Business Services and Continuous Improvement.

Strategic Plan Linkage:

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

Social housing providers need to explore alternative ways of operating to sustain themselves moving forward. This merger with HNHC creates significant opportunities not only for sustainability.

Attachment(s):

- LPAHC Board Resolution
- LPAHC Request Letter
- HNHC Board Resolution

Approval:

Approved By:
Al Meneses, Chief Administrative Officer

Reviewed By:
Bill Nolan, Interim General Manager, Emergency and Social Services

Prepared By:
Brian Davis, Acting Director, Social Services and Housing