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Governance in Housing Corporations Discussion

By: John Fox
Partner at Robins Appleby LLP

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Robins Appleby LLP | 2600-120 Adelaide St. W., Toronto, ON M5H 1T1 | T. 416.868.1080 | F. 416.868.0306

www.robapp.com

 [@robinsappleby](https://twitter.com/robinsappleby)



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Current Governance Structure of BMAHC

- Incorporated as a Municipal Services Corporation under *Corporations Act* (Ontario) via Letters Patent
 - Objects do not include rental housing
 - Municipal Services Corporations not allowed to create further subsidiaries
- By-Law 1 provides governance framework
 - Board to include 7 directors, includes two politicians from Town (requires update)
 - Two classes of members
 - Town with 45 Voting Shares
 - Board (up to 20 votes), but currently only 7 board members
- By-Law 2 provides borrowing authority
- MOU with Town for shared services



Development Risks

1. Cost Over-Runs
2. Procurement
 - i. Improper contracting leading to non-compliance
 - ii. Getting inadequate vendors
 - iii. Over-prescriptive procurement disincentivizing participation
3. Design Risks
4. Utility to End-User
5. Tortuous Liability
6. Political Risk

Municipalities must balance risk-management vs control and subsidiaries often used to manage risks



Rationale for a Housing Corporation

1. Liability Protection
 - Must maintain Corporate Veil
2. Political Participation
 - Balancing of tax-payers and community needs with managing projects through specialized board
 - Councillors that are Directors have multiple considerations
3. Risk Aversion of Municipalities
 - Faster Decision Making
 - Understanding Risk
 - Natural Tension with Regulator
4. Governing Development and Construction: A skills-based board
5. Ability to Mortgage
6. Land Ownership and Financing
7. Contracting confidence in the private community
8. Debt Consolidation
9. Accounting Convenience



Recommendations

1. Amend the Letters Patent and By-law 1 of BMAHC to contemplate rental housing.
2. Update By-Law 1 to reflect BMAHC having nine (9) directors instead of seven (7).
3. Review the requirement of being a member as a result of being a director of BMAHC.
4. The Gateway Project should be managed through BMAHC based on the advantages outlined, including liability protection for the Town, and lowering of risk resulting from an independent skill-based board of directors and holding its interest through BMAHC.
5. Re-evaluate the governance structure to minimize risk of perception that the two entities are not independent, including potential revisions of the by-laws and the Memorandum of Understanding.




John Fox

Partner

T: 416.360.3795

E: jfox@robapp.com

 [@johnfox67](https://twitter.com/johnfox67)



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