

THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
April 14, 2004
Report of the
General Manager

ARMITAGE GARDENS—COMMUNITY RENTAL HOUSING PROGRAM FINANCIAL AGREEMENTS

1. RECOMMENDATIONS

It is recommended that:

1. The Corporation be authorized to provide security to the Ministry of Municipal Affairs for the approved \$1,566,000 in Community Rental Housing Program funding in the form of an Assignment of Rents and General Security Agreement, subject to the prior review of the Corporation's Solicitor.
2. The General Manager be authorized to execute the Assignment of Rents and General Security Agreement on the Corporation's behalf.

2. PURPOSE

The purpose of this report is to receive approval to provide the forms of security required by the Ministry of Municipal Affairs to release Community Rental Housing Program (CRHP) funding for the Armitage Gardens affordable housing project on the Newmarket Health Centre property.

3. BACKGROUND

On September 18, 2003, Regional Council authorized the Commissioner of Community Services and Housing to enter into a Provincial Contribution Agreement with the Ministry of Municipal Affairs and Housing on behalf of the Region as owner of the Newmarket Health Centre property. This agreement was required to access \$1.566 million in CRHP funding that was conditionally approved by the Ministry for the Armitage Gardens affordable housing development for seniors and people with disabilities.

On October 8, 2003, the Board of Directors of Housing York Inc. (HYI) authorized the General Manager to execute this agreement on behalf of the Corporation. As the lessee of the building responsible for the long-term operation of the housing project, HYI will be the party responsible for implementing the terms of the agreement.

This HYI report also authorized the issuance of security documents as a condition of the CRHP funding however the form of these documents was not available at that time.

4. ANALYSIS AND OPTIONS

The security documents required to be given by HYI are:

1. Assignment of Rents

- This agreement allows the Ministry, in the event of default under the Contribution Agreement, to seize the rental income from the project until the CRHP funding is repaid under the Regional Guarantee (discussed below).

2. General Security Agreement

- This agreement is a lien against the chattels contained in the project such as appliances, furniture, maintenance equipment.

The Region in its turn, as owner of the land, will be providing a guarantee of performance under the terms of the Contribution Agreement. These conditions include:

- A number of one-time requirements related to project development which have already been met as the project is now complete and occupied.
- That apartments are rented at affordable rents during the agreement term of 20 years with annual rent increases limited to those allowed under Provincial regulations.
- That an annual report of the rents being charged be filed with the Ministry.

5. FINANCIAL IMPLICATIONS

The provision of this security will permit the release to the Region of \$1.566 million in CRHP funding in the form of a fully forgivable loan. The result of this funding is a reduction in the Regional contribution to the capital budget from the 70% originally committed to only 54% of the total costs for the project. The balance of the capital funding is provided by the federal and provincial governments.

The net result of this funding is that the annual carrying costs for HYI are significantly reduced because the Region was able to reduce its long term financing commitment to the project.

6. LOCAL MUNICIPAL IMPACT

This project is providing 58 much needed affordable housing units for seniors and people with disabilities and relieves some of the pressure for new long term care beds in the central part of the Region. The receipt of this funding assistance lessens the impact on the Regional budget which impacts all residents.

7. CONCLUSION

The Community Rental Housing Program signals a renewed commitment to affordable housing by the federal and provincial governments. The success of the Region's Housing Supply Strategy relies on partnerships with all sectors involved in housing development, and on financial assistance from senior levels of government. The issuance of this Guarantee will be the final step required to release the first of these long-awaited funds.

The Senior Management Group has reviewed this report.

Prepared by:



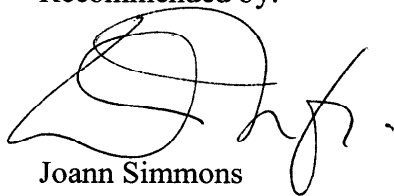
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April 1, 2004

Kk/dm

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