

There is an item of interest to all affordable housing producers related to the delegation of authorities related to the Municipal Contribution Agreements (MCA) that non-profit housing providers have signed and will be signing. The main thrust seems to be to download the approval authority for any amendments to a MCA to the Deputy City Manager instead of Council. From an administrative standpoint , that is generally positive as changes such as postponements, assignments , rent increases and any other changes require a report to Council and Council's approval. It is very inefficient and needs to be streamlined. There are, however, a couple areas of concern.....

1. Section 2.1 of the Report says that postponements will not be provided where a project has “ adequate “ funds in a capital reserve fund. This restriction would limit the ability of non-profits to refinance successful projects for purposes of investing in capital works on other projects owned by the provider , or to invest in new affordable housing. Both of those uses are permitted by CMHC when approving new financing on existing projects. With this restriction, an older project with a low balance remaining on the existing mortgage could not be refinanced if they maintained their capital replacement reserve. This is very restrictive and will prevent non-profit providers from leveraging their equity and investing in new affordable housing.
2. The requirement for retention of 10% equity as a pre-condition to agreeing to a postponement is problematic in that it penalizes the projects that have the most affordable rents. Unless the city accepts an appraisal based on market rents, projects with lots of affordable units and a restrictive long term MCA will always appraise lower. Also , the forgivable loans provided under most MCA's do not amortize or reduce over time. A project that received say \$4.0 million from the City still has a charge securing \$4.0 million after 20 years of operation. It does indicate that exceptions are possible and with this policy that would be the norm and not the exception.

These two policies run counter to the goals of the National Housing Strategy and the City's own goals to produce more rental housing and more affordable housing. We are asking for delegation status at the June 13 CAPS meeting if possible . Thanks.

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