

September 21, 2018

Chair
Housing York Inc. Board
York Region
17250 Yonge Street
Newmarket, ON L3Y 6Z1

Dear Chair:

Re: Registration of Securities for Investment in Affordable Housing Program

Regional Council, at its meeting held on September 20, 2018, adopted the following recommendations of Committee of the Whole regarding "Registration of Securities for Investment in Affordable Housing Program":

1. Council authorize registration of any ancillary security documents or agreements to secure the federal/provincial Investment in Affordable Housing-Social Infrastructure Fund funding, on title for the Richmond Hill Hub at 10415 Yonge Street, Richmond Hill, Ontario L4C 3C2, and Belinda's Place at 16580 Yonge Street, Newmarket, Ontario L3X 2N9.
2. Council advise the Housing York Inc. Board of its recommendations.

A copy of Clause 13 of Committee of the Whole Report No. 12 is enclosed for your information.

Please contact Rick Farrell, General Manager, Housing Services at 1-877-464-9675 ext. 72091 if you have any questions with respect to this matter.

Sincerely,



Christopher Raynor
Regional Clerk

/C. Clark
Attachment

#8823770

Clause 13 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 20, 2018.

13

Registration of Securities for Investment in
Affordable Housing Program

Committee of the Whole recommends adoption of the following recommendations contained in the report dated August 9, 2018 from the Commissioner of Community and Health Services:

1. Council authorize registration of any ancillary security documents or agreements to secure the federal/provincial Investment in Affordable Housing-Social Infrastructure Fund funding, on title for the Richmond Hill Hub at 10415 Yonge Street, Richmond Hill, Ontario L4C 3C2, and Belinda's Place at 16580 Yonge Street, Newmarket, Ontario L3X 2N9.
2. Council advise the Housing York Inc. Board of its recommendations.

Report dated August 9, 2018 from the Commissioner of Community and Health Services now follows:

1. Recommendations

It is recommended that:

1. Council authorize registration of any ancillary security documents or agreements to secure the federal/provincial Investment in Affordable Housing-Social Infrastructure Fund funding, on title for the Richmond Hill Hub at 10415 Yonge Street, Richmond Hill, Ontario L4C 3C2, and Belinda's Place at 16580 Yonge Street, Newmarket, Ontario L3X 2N9.
2. Council advise the Housing York Inc. Board of its recommendations.

2. Purpose

The purpose of this report is to authorize security agreements needed to access approximately \$400,000 in outstanding funding from the province for the Richmond Hill Hub and Belinda's Place.

Pursuant to section 7.3.1(c) of the Amended and Restated Shareholder Direction for Housing York Inc. dated June 28, 2018, Council must approve any form of debt financing against assets of Housing York, including the registration of security documents on title for its properties. The Province is withholding the remaining Investment in Affordable Housing program funding payments to the Region until the security interests have been registered on title.

3. Background

Investment in Affordable Housing Program has been supporting new affordable housing in the Region since 2011

Investment in Affordable Housing is a federal/provincial program that began in 2011 to provide financial support for housing initiatives, including development of new affordable rental housing. The Investment in Affordable Housing 2014 Extension and Social Infrastructure Fund were later introduced as expanded affordable housing initiatives, and federal and provincial funding was extended to 2020. The Region has received an allocation of approximately \$97 million towards affordable housing initiatives since the program began.

\$23 million of program funds have been allocated to the Richmond Hill Hub and \$1.3 million to Belinda's Place

The Region entered into Contribution Agreements with Housing York Inc. (Housing York) as a means to provide Investment in Affordable Housing-Social Infrastructure fund funding from the Ministry of Municipal Affairs and Housing, to assist in construction of the Richmond Hill Hub and Belinda's Place affordable housing and transitional housing projects. The Richmond Hill Hub building is owned by Housing York, and Housing York holds a leasehold interest in Belinda's Place under a long-term ground lease with the Town of Newmarket. Both buildings have been occupied since 2016 and each was eligible to receive 100 per cent of project funding.

Under the Investment in Affordable Housing program, the Province committed \$23,317,852 in Investment in Affordable Housing funding to develop 202 units of affordable housing in the Richmond Hill Hub, and \$1,350,000 towards the Belinda's Place project for nine transitional housing units. The program is designed to release payments at critical milestones of project success: 50 per cent of the payment when the project started construction, 40 per cent upon completion of structural framing, and the final 10 per cent at occupancy. At each milestone, the Region must request the payments from the Ministry. These are then received and the payment is reconciled in accordance with Regional accounting procedures.

Security documents must be registered on title in accordance with program guidelines to receive final payment

During the process of applying for the final 10 per cent holdback payment for each building, the Ministry notified Regional staff that a change on interpretation of the program guidelines had occurred. Previously, Ministry staff allowed payments to be processed in projects that were secured through the existence of a contribution agreement. The Ministry now requires that this funding be secured by registration of security interests on title to these buildings before final payment can be released. This requires that various security documents, including a mortgage, general assignment of rents and a general security agreement be registered on title to these two properties.

4. Analysis and Implications

Council Authority is required to register security documents on title for the Housing York Inc. property

To register security documents on title for the Richmond Hill Hub and Belinda's Place properties, approval by the Region is required under the Amended and Restated Shareholder Direction for Housing York Inc. In addition, an agreement between the Region, Housing York and the Town of Newmarket will be required to facilitate the registration of the security interests on title to the leased Belinda's Place property.

5. Financial Considerations

Approximately \$400,000 is still owed to the Region under the Programs

The Region, through the budget process, cash flows funds to construct new affordable housing buildings once approved by Council. Funds received from the Ministry are recorded in the Region's financial system and reconciled to ensure all the funds are accounted for. There is \$391,884 in outstanding payments and holdbacks from the Ministry for these two projects. The Ministry has advised that the remaining funds cannot be released to the Region until the security documents are registered on title for both projects.

6. Local Municipal Impact

As the Region has a land lease for the Belinda's Place site with the Town of Newmarket, Regional staff will work with Town staff to prepare an agreement that will enable registration of the security interests on title to Belinda's Place. There will be no financial impact to the Town of Newmarket.

7. Conclusion

Regional Council approval is required to give Housing York Inc. authority to proceed with executing agreements related to security interests being registered on title to Richmond Hill Hub and Belinda's Place, to satisfy the conditions recently imposed by the Ministry for receipt of the Investment in Affordable Housing-Social Infrastructure Fund funding payments.

Registration of Securities for Investment in Affordable Housing Program

For more information on this report, please contact Rick Farrell, General Manager, Housing Services at 1-877-464-9675 ext.72091.

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Katherine Chislett
Commissioner of Community and Health
Services

Bruce Macgregor
Chief Administrative Officer

August 9, 2018

#8799009

Accessible formats or communication supports are available upon request