



Report to: Manitoulin-Sudbury District Services Board
From: Connie Morphet, Director of Finance & Administration
Date: November 25, 2021
Re: Little Current Place Non-Profit - Mortgage Renewal

The purpose of this report is to provide the Board with an update on a recent request from the Little Current Non-Profit Housing Corporation.

The Ministry of Municipal Affairs and Housing (MMAH) currently manages the mortgage renewals for the Little Current Non-Profit. MMAH recently advised that the People's Trust Group has offered to renew the mortgage on January 1, 2022, at a rate of 3.85% for the remaining 57 months, until the mortgage is fully amortized.

The balance of the mortgage on December 31, 2021, at Little Current Place will be approximately \$347,036.

In conversation with DSB staff, the Manager of Little Current Place asked about financing options. The DSB staff and the Manager spoke with MMAH staff and were advised that Little Current is free to find their own financing but if they did, the Ministry would no longer handle their renewal. The Manager of Little Current Place was advised to approach their bank and determine where they could match or better the rate offered.

In that the discussion, the possibility of the DSB funding the mortgage from its reserve was raised. Ultimately the Board is responsible for Non-Profit Housing providers within our catchment area, so this would be an appropriate use of DSB funds. In conversation with the DSB auditors, this would be allowable.

In order for the DSB to be the mortgage lender, we would need to engage a lawyer and register the mortgage on title and ensure the building is adequately insured.

The current reserve funds are earning in the neighborhood of 1% to 2% interest overall. The DSB does fund/mortgage its own buildings such as Little Current, Chapleau and Foleyet Paramedic stations at a 3% interest rate. If the DSB were to lend the money at 3% to Little Current Place both the Non-Profit and the DSB would benefit.

The DSB currently cash flows Little Current Place \$8,500 per month. If the Board were to approve the mortgage from the reserves, we would deduct any mortgage costs from the cash flow.

Conclusion

Staff are recommending that the DSB fund the remaining mortgage balance from DSB reserves for Little Current Place.