

Appendix A: Existing Region of Waterloo Policy on Refinancing of Affordable Housing

The Regional Municipality of Waterloo Policy on Refinancing of Affordable Housing Strategy Pilot Projects

1. All agreements signed by the housing provider must be in good standing;
2. The proponent's obligations to third parties must also be in good standing. The Regional Municipality of Waterloo will require a clear tax certificate and search of title to determine that there are no outstanding encumbrances prior to consenting to any refinancing;
3. At least one (1) year has passed since the completion of the project and the implementation of long term financing for the project;
4. In those instances where a project has also received Community Rental Housing Program or Investment in Affordable Housing for Ontario funding, the consent of the Province of Ontario must be obtained prior to the release of consent from the Regional Municipality of Waterloo;
5. The total of all encumbrances against the property must not exceed seventy five per cent (75%) of the total value of the property once the refinancing is implemented except for the total of all encumbrances against a property that received only Regionally-funded, Pilot and Strong Start projects which must not exceed ninety per cent (90%) of the total value of the property once the refinancing is implemented. This is a conservative approach and one which will ensure that any government investment in a particular project is adequately secured. For the purposes of determining the fair market value of the subject property, the Regional Municipality of Waterloo may request an appraisal of the property in a form satisfactory to the Region or, in the alternative, rely upon a valuation prepared by the housing proponent's financial institution;
6. The proponent may be required to certify that it has maintained an adequate reserve for the purpose of meeting the ongoing capital needs of the property and that such reserve shall not be compromised by the proposed refinancing;
7. The proponent shall provide an updated project operating budget to ensure that sufficient funds are available to cover annual debt servicing costs and provide for the long term viability of the project;
8. All direct costs incurred by the Regional Municipality of Waterloo in implementing the proposed refinancing must be paid by the housing provider;
9. The Region will consider such further and other circumstances which may affect the project including whether the purpose of the refinancing is to enable the project proponent to provide additional units of affordable housing within the Regional Municipality of Waterloo and other special circumstances (e.g. lower premiums, lower interest rates, need for additional capital funding for the existing project, transfer of property to a new proponent).

Where the purpose of refinancing is to enable the project proponent to provide additional units of affordable housing within the Region of Waterloo, where capital grants from the Region of

Waterloo or other level of government are not being applied for, the total of all encumbrances against the total value of the property may be considered up to a maximum of 80% once the refinancing is implemented. Such requests will be forwarded to Regional Council for consideration.

If refinancing is approved, the Regional Municipality of Waterloo will be asked to enter into the form of postponement agreement required by the financial institution providing the project refinancing. Provided the form and content of such agreement is satisfactory to the Regional Solicitor, this is a generally accepted business practice and is contemplated within the framework of the Affordable Housing Strategy. The agreement may be signed by the Region's Chief Financial Officer and Commissioner of Community Services.