



October 13, 2020

RE: Development Design Strategy #17021(c)

Dear Committee,

On September 29th, 2020 CityHousing Hamilton (CHH)'s Board of Directors approved Report #17021(c), to proceed with the updated budgets for Phase 1 of Bay-Cannon and Queenston due to the increasing costs of construction. Through implementing the recommended financial strategy of increasing the amortization period to 40 years, taking on the additional serviceable debt of \$8.14M, and through pursuing the maximum forgivable loan contribution from CMHC's Co-Investment Fund.

As part of this strategy, CHH has requested the City of Hamilton's approval of the development plan, amortization period as well as the necessary guarantee and preparation of the related agreements for the debt financing to the upset limit of \$8.14M as outlined in Report #17021(c).

The recommended 40-year amortization period will help increase CHH's current cash flows and ability to meet the growing demand for affordable housing while aligning with CMHC affordable housing amortization period. By increasing our amortization period to 40 years, CHH could increase the amount of debt that could be serviced.

Many other affordable housing providers have implemented a similar strategy, with a survey conducted of 12 affordable housing providers revealing an average amortization period of 42 years as part of the Development Reset Study.

With this financial strategy, CHH can continue momentum on housing development while determining the most feasible strategy to deliver quality affordable housing to the community. Allowing CHH to continue development in a financially sustainable way while increasing the amount of housing provided through net new affordable market units, without employing options that either would reduce any affordability or add additional tax levy to the City of Hamilton.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rochelle Desouza", is written over a faint, light blue circular stamp.

Rochelle Desouza
Chief Financial Officer
CityHousing Hamilton

Attn: Report #17021(c): Development Design Strategy Reset