



# STAFF REPORT

## Board Meeting

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**MEETING DATE:** February 2, 2023  
**REPORT:** B.3.3 Operating Loan Draw  
**AUTHOR:** Jennifer Bisley, Executive Director

### A. Recommendation

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THAT The Blue Mountains Attainable Housing Corporation authorize a drawdown of the Operating Loan with the Town of The Blue Mountains in the amount of \$175,000.

### B. Background

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The Blue Mountains Attainable Housing Corporation has an Operating Loan Agreement with the Town of The Blue Mountains for purposes of working capital to ensure that the corporation can reasonably continue operations and satisfy short-term debts.

The Loan bears interest at the rate of the Lender's Cost of Funds plus 200 basis points at the time the draw is made and is repayable at the end of the Loan Term.

The total amount of funds available is \$1,200,000 with the term ending November 30, 2023. To date, draws have totaled \$540,000 with the last draw of \$100,000 authorized by the Board at the October 6, 2022 Board of Directors meeting (see [Staff Report](#)).

### C. Analysis

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The cash flow analysis below shows a draw of \$175,000 is required to meet operating and project expenditures to April 30, 2023. Inflows include rent received and CMHC grants for eligible Gateway project expenses. Outflows include recurring operating costs, audit fees, and estimated fees of \$100,000 related to Gateway Project soft costs that have been incurred but not billed as referenced in Staff Report B.3.2 Quarterly Financial Report, Feb 2, 2023.

The analysis does not include costs related to the award of any contracts relating to the RFP for a Design Builder for the Gateway Project. It also does not include costs for any special initiatives such as a governance review and strategic plan update which will be considered as part of an updated 2023 budget and annual plan at an upcoming Board meeting.

CASH FLOW REPORT - 2023	JAN	FEB	MAR	APR
OPENING CASH BALANCE	\$ 44,162	\$ 19,140	\$ 44,193	\$ 38,944
+ TOTAL INFLOWS	\$ 3,790	\$ 3,476	\$ 12,604	\$ 1,475
- TOTAL OUTFLOWS	\$ 28,812	\$ 153,423	\$ 17,853	\$ 21,586
+ Operating Loan - Town		\$ 175,000		
<b>CASH BALANCE END OF MONTH</b>	<b>\$ 19,140</b>	<b>\$ 44,193</b>	<b>\$ 38,944</b>	<b>\$ 18,833</b>

#### **D. Financial Impact**

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The draw is within the estimated 2022-2024 budget and will increase the total amount owing on the operating loan to \$715,000 plus accrued interest.

**Attachments:**            2022-2024 Budget

## The Blue Mountains Attainable Housing Corporation

### Budget 2022-2024

		<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>
	2021 Actual	2022	2023	2024
<b>Operating Revenues</b>				
Rental Revenue	\$ -	\$ 13,275	\$ 18,098	\$ 18,641
Operating Grants	\$ 20,000	\$ -	\$ -	\$ -
Investment and Interest Income	\$ 629	\$ -	\$ -	\$ -
<b>Total Operating Revenues</b>	<b>\$ 20,629</b>	<b>\$ 13,275</b>	<b>\$ 18,098</b>	<b>\$ 18,641</b>
<b>Rental Expenses</b>	<b>\$ -</b>	<b>\$ 14,200</b>	<b>\$ 14,838</b>	<b>\$ 15,279</b>
<b>Administration Expenses</b>				
Human Resources and Office	\$ 166,315	\$ 235,600	\$ 305,526	\$ 314,109
Marketing	\$ 3,032	\$ 3,300	\$ 3,500	\$ 3,700
Interest and Service Charges	\$ 6,470	\$ 15,000	\$ 32,300	\$ 32,300
Professional Fees	\$ 45,140	\$ 25,300	\$ 26,600	\$ 28,000
Grants	\$ -	\$ -	\$ -	\$ -
<b>Total Administration Expenses</b>	<b>\$ 220,957</b>	<b>\$ 279,200</b>	<b>\$ 367,926</b>	<b>\$ 378,109</b>
<b>Annual Operating Deficit</b>	<b>-\$ 200,328</b>	<b>-\$ 280,125</b>	<b>-\$ 364,666</b>	<b>-\$ 374,746</b>
<b>Purchase of tangible capital assets</b>				
Napier Street	-\$ 9,243	\$ -	\$ -	\$ -
Gateway Project - Soft Costs	-\$ 67,311	-\$ 561,667	-\$ 1,415,139	-\$ 3,276,193
Gateway Project - Hard Costs		-\$ 3,150,000	-\$ 9,573,578	-\$ 19,013,823
<b>Total Purchase of tangible capital assets</b>	<b>-\$ 76,554</b>	<b>-\$ 3,711,667</b>	<b>-\$ 10,988,717</b>	<b>-\$ 22,290,015</b>
<b>Change in prepaid</b>	<b>\$ 476</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in net financial assets (debt)</b>	<b>-\$ 285,649</b>	<b>-\$ 3,991,792</b>	<b>-\$ 11,353,383</b>	<b>-\$ 22,664,762</b>
<b>Non-cash adjustments (amortization, accrued liabilities, etc)</b>		<b>\$ 79,961</b>	<b>\$ 51,129</b>	<b>\$ 15,604</b>
<b>Total funding required</b>	<b>\$ 285,649</b>	<b>\$ 3,911,831</b>	<b>\$ 11,302,254</b>	<b>\$ 22,649,157</b>
<b>Funding sources</b>				
Opening Cash Balance	\$ 77,544	\$ 22,010	\$ 22,411	\$ 108,874
Town: Operating Loan Draw 1	\$ 170,000	\$ 170,000	\$ 400,000	\$ -
Town: Operating Loan Draw 2		\$ 360,000		\$ -
Town: Building Permit/Application fees		\$ 33,920		\$ 123,453
Town: Development Fee Contribution				\$ 886,914
Town: Land Contribution (note 1)		\$ 3,150,000		
County: Development Fee Contribution				\$ 433,188
FCM Grant	\$ -	\$ 76,312		
CMHC SEED Grant	\$ 44,748	\$ 23,000		
CMHC SEED Loan		\$ 99,000		
CMHC Co-Investment Grant/Loan (Construction/Takeout)			\$ 10,988,717	\$ 20,846,460
Other				\$ 265,872
<b>Total</b>	<b>\$ 292,292</b>	<b>\$ 3,934,242</b>	<b>\$ 11,411,128</b>	<b>\$ 22,664,762</b>

Note 1: The Town paid \$608,647 from Town reserves and \$1,139,845 from funding received from Grey County for attainable housing for a total of \$1,748,492 to purchase the land and demolish existing structures at 171 King St. E. The budget values the land at \$3,150,000 based on the July 2021 appraisal completed for the Town.

Cautionary Note: This report contains forward-looking information that reflects our expectations, estimates, projections, and interpretations as of the date of this report. Our expectations or the underlying assumptions may change or not be realized. Our results are subject to a variety of risks, including those that are reflected in the following considerations and factors: the ability of the organization to secure adequate funding, a design build contractor, and development approvals; the ability of the Gateway project contractor to achieve an occupancy date of December 2024; general economic conditions, construction costs, interest rates, local real estate markets, and supply and demand for leased premises; and various other factors, many of which may be beyond the control of the organization.