

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, NOVEMBER 8, 2017**

SUBJECT **Permission to allow Greenwoods Eldercare Society to refinance its mortgage and amend its lease**

ISSUE

To consider a request from the Greenwoods Eldercare Society to allow its mortgage to be refinanced and lease amended.

BACKGROUND

On July 28, 1976 the Capital Regional Hospital District Board approved a lease agreement with the Lady Minto Gulf Islands Intermediate Care Society (Greenwoods Eldercare Society) for a period of 99 years at a rate of \$1 per annum for the purpose of enabling the society to build and operate a 40 bed intermediate and personal care facility. In 1979, the Greenwoods Eldercare Society secured a mortgage to build the current building. The mortgage was secured with Canada Mortgage and Housing Corporation (CMHC) for a fixed term of 50 years at 9.625%. The long term impact of such a high interest mortgage has been difficult for the society. With this high interest rate, the society still owes over \$750,000 on the original borrow of \$1.1 million.

Greenwoods Eldercare Society provides innovative programmes, services, and concepts that focus on a quality of life that honours the physical, mental, social, and spiritual well-being of its residents. They specialize in providing services that promote the ability of seniors and those with special needs to continue to live at home with family support and/or community services. In partnership with health and local authorities, they also provide residential care to adults whose complex care needs are such that they can no longer manage at home.

ALTERNATIVES

Alternative 1

That the Chief Administrative Officer be authorized to approve Greenwoods Eldercare Society to secure a new mortgage through BC Housing via a take-out lender as well as a revised lease agreement.

Alternative 2

That the report be sent back to staff for further consideration based on Board direction.

FINANCIAL IMPLICATIONS

To date, the interest penalty CMHC required to pay off the loan and re-mortgage is over \$800,000. However, CMHC announced a program last year that allowed societies with high interest mortgages to apply to have the interest penalty forgiven and a new mortgage, at current market related interest rates (likely under 3%), to be written for the amortization period remaining on the loan with the interest penalty forgiven.

On August 1, 2017 the society received a letter from CMHC to say they had been accepted into the interest penalty forgiveness plan (Appendix A).

BC Housing is assisting the society with the process of obtaining a market-related mortgage and according to the lease agreement with CRHD, requires CRHD permission to change mortgage arrangements from exclusively being with CMHC. Greenwoods Eldercare Society has approvals from BC Housing (Appendix B), Island Health (Appendix C), and the Ministry of Health (Appendix D). The new mortgage will have the following costs included and will not exceed \$767,275:

Balance as of November 1, 2017	\$739,678
CMHC Loan Insurance	\$3,750
Legal Fees - BC Housing	\$5,000
Legal Fees - Society	\$5,000
Environmental Site Assessment	\$2,750
Land Survey	\$1,500
Contingency	\$2,000
Subtotal	\$759,678
Loan Commitment Fee (1%)	\$7,597
Total loan amount	\$767,275

CONCLUSION

The Greenwoods Eldercare Society has been accepted into the CMHC interest penalty forgiveness program which will allow the society to refinance its mortgage at a considerably lower rate. This will give the society much greater financial flexibility and allow them to continue to provide high quality residential care to the citizens of the Southern Gulf Islands. CRHD Board approval is required for Greenwoods Eldercare Society to refinance its mortgage.

RECOMMENDATION

That the Chief Administrative Officer be authorized to approve Greenwoods Eldercare Society to secure a new mortgage through BC Housing via a take-out lender as well as a revised lease agreement.

Submitted by:	Michael Barnes, MPP Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager, Planning and Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

MB/gm

Attachments: Appendix A – CMHC Approval
Appendix B – BC Housing Approval
Appendix C – Island Health Approval
Appendix D – Ministry of Health Approval