WINNIPEG HOUSING REHABILITATION CORPORATION

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December 5, 2003

Chairman and Members
Executive Policy Committee
City of Winnipeg
510 Main Street
Winnipeg, Manitoba

C/O – Joanne Park, EPC Clerk

Via Fax: 947-3452

Re: WHRC Request for a Loan Guarantee from the City of Winnipeg

At a recent Board meeting a resolution was passed requesting that the City of Winnipeg consider providing a loan guarantee to Winnipeg Housing Rehabilitation Corporation (WHRC) in the amount of $2 million, in order for WHRC to maintain and scale up its affordable housing construction and renovation efforts in our Inner City neighborhoods

Over the last 3 years, with the support of the City, WHRC and our community partners have led the charge in renovating many homes and attracting families back to inner city neighborhoods.

To date WHRC has and will deliver over 90 units of renovated and new housing in the West Broadway, Spence and North End neighborhoods. Over $5.4 million has been leveraged from the Province, the Federal Government, and our financial partners in order to make this happen. The housing market in the Inner City is starting to stabilize, and even take off. Property Assessments have increased, and fire and safety concerns of these abandoned or boarded buildings have been eliminated.

Although our lender, the Assiniboine Credit Union (ACU), has not hesitated in providing WHRC with an unsecured construction line of credit in the past (currently valued at $2 million), WHRC has been advised recently that for all future projects, ACU requires a secured line. As WHRC development activities have increased significantly, so has the risk of ACU.

- WHRC will require a minimum of a $2,000,000 loan guarantee just to maintain our present level of housing construction / renovation activity (20-30 units per year).

- WHRC can play a greater role in achieving the goals and objectives of the City of Winnipeg's Housing Policy, in obtaining this Loan Guarantee.

WHRC requires a line of credit of a minimum $2,000,0000 secured, for the following reasons:

1. The community groups with whom we partner would like WHRC to do more!
2. There are significant present and future Federal and Provincial housing dollars available that WHRC could pursue for the City of Winnipeg to produce more affordable housing, by renovating vacant and substandard properties. WHRC's limit to leveraging more government funding is the need for this Loan Guarantee.

3. Although WHRC is a developer, we are a not a for-profit developer, and subsequently WHRC does not have "cash reserves" or collateral to secure funding to which a private sector developer would have access.
4. WHRC is legally bound not to use our existing and older assets (Operating Agreements with Government) as security, collateral, or for leverage.
5. Our new assets under the WHHI initiative are not significant enough at this time to leverage the secured line of credit needed.
6. Interim financing is simply needed until the homes are sold, or mortgage financing is put into place for rental housing (construction loans).
7. Because of the various levels of government involved, and the timing associated with the processing of grants, government funds do not flow as quickly as WHRC requires. Therefore our financial partner, ACU, is being asked to cover these costs, on an interim basis, without any real security. These approved grant funds will eventually flow, but are simply required upfront and will now need to be secured.

Subsequently, WHRC is respectfully requesting that the City provide a minimum of a $2 million line of credit security, which would secure our existing the lines.

The line of credit would be used only for housing renovation and construction projects approved for funding by government funders (including the City) and ACU. WHRC already undertakes due diligence prior to proceeding with acquisitions or renovations / construction, as this would be, I am sure, a condition of a Loan Guarantee. In addition WHRC is directly accountable to the City, through the City Councilors and City Representative who sit on the Board and guide management.

Thank-you for your past support of WHRC and your time and consideration of this request.

Sincerely,

WINNIPEG HOUSING REHABILITATION CORPORATION

Stefano Grande, B.Sc., M.C.P.
General Manager

Delegation Members will include:

1. *General Manager, Stefano Grande*
2. *Board Member and Chairperson, Peter Squire*
3. *Board Member and Vice Chairperson, Mike Pagtakhan*
4. *Board Member, Secretary Chairperson, Iris Ingram*
5. *West Broadway Community Partner, Paul Chorney*