

Background

Context

The SHC chose to purchase the Property and entered into an Agreement for Sale effective 1977 August 24 and developed the Property with 66 housing units for low-income families. In 1979, SHC ran into financial problems and was unable to finalize the Agreement for Sale. Council, at its meeting on 1979 September 24, approved a proposal whereby the Agreement for Sale was cancelled, and a 60-year Lease was entered into. The Lease provided for the payment of interest that accumulated on the Agreement for Sale. The outstanding amounts on the Lease and the Agreement of Sale were to accumulate interest at prime plus 1% which amounted to 15.76%. As a result of the economic downturn, SHC approached The City requesting to have the interest rate on the Lease reduced to a fixed rate of 10% (current prime rate at the time). Council authorized this reduction of the interest rate at its meeting on 1986 January 27. On 2001 May 1, SHC paid in full all outstanding rent for the 60-year lease term.

Previous Council Direction

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
1979 September 24	LAND79-225A	Council authorized the following: <ul style="list-style-type: none">• That a recommendation be added to Clause 7 of the Report of the Policy Committee on Finance & Budget dated 1976 October 25, RE: Disposition of Land to Sunnyhill Cooperative Housing Ltd., as follows: (d) Or as an alternative, that the entire site be leased to Sunnyhill Cooperative Housing Ltd. for a period of 60 years (with the leasing rate being established on a value basis of \$5,000.00 per unit) and with them being full payment in advance upon the execution of the Lease documents.
1986 January 27	LAND86-08	Council authorized the following: <ul style="list-style-type: none">• (1) That the interest rate charged for the Lease be decreased to 10% for a 5-year period and (2) That the rate change become effective as of 1986 January 01.