

## **6.2 CONVERSION OF EXISTING MORTGAGE - EMCHA INC. TO FOUNDATION HOUSING LIMITED**

(North) (Chief Executive Office)

### **KEY ISSUES**

- In late 1999, the City agreed to assist Emcha Inc. in the purchase of Lots 126 and 303 Brearley Street, Bullsbrook for the construction of a small, well aged accommodation complex.
- The City provided a "self supporting" loan of \$76,000 to assist the purchase of Lots 126 and 303. Repayment of the loan was secured by a first mortgage security. With the City's approval, Emcha eventually sold Lot 126 which was surplus to its requirements and the current mortgage security is now registered over Lot 303 only.
- Emcha has now merged with two other community housing associations to form Foundation Housing Limited.
- In order to complete the transfer of Emcha assets to the new public company, the City's approval is sought of the transfer of the property and conversion of the existing mortgage to Foundation Housing Limited.

It is recommended that the application received from Foundation Housing Limited to transfer Lot 303 Brearley Street, Bullsbrook, and the conversion of the existing mortgage to Foundation Housing Limited, be approved.

### **BACKGROUND**

In December 1999 the City Council agreed to assist the establishment of a small, well aged persons accommodation complex in Brearley Street, Bullsbrook by raising a "self supporting" loan on behalf of Emcha Inc. to assist the acquisition of the land required. A loan of \$76,000 was secured by first mortgage over both Lots 126 and 303. The loan is now secured by a mortgage registered over Lot 303 only upon which the housing complex is located.

Four 2-bedroom aged persons units were constructed. The project has proven to be most successful.

### **REPORT**

In January 2006, Emcha finalised merger negotiations with Perth Inner City Housing Association (Inc.) and Northside Housing Association (Inc.) to form Foundation Housing Limited. Foundation Housing is a public company limited by guarantees and is a Public Benevolent Institution as was Emcha and exists with the primary purpose of

providing housing for people who are homeless, on low incomes or at imminent risk of homelessness.

The winding up of the three separate organisations and the transfer of their assets to Foundation Housing Limited is now in its final stages. To complete the transfer of the Emcha assets the City's approval is now sought to:

1. Approve the transfer of the property at Lot 303 Brearley Street from Emcha Inc. to Foundation Housing Limited, and
2. conversion of the City's existing mortgage from Emcha to Foundation Housing Limited.

The status and objectives of Foundation Housing Limited are quite consistent with the purposes for which the "self supporting" loan was provided in the first instance. The amalgamation of the three incorporated associations is a logical and rational further development of the efficient and effective provision of much needed community services.

The principal balance outstanding under the loan as at 30 September 2006 was \$66,134.19. This amount is well and truly secured by the mortgage. Loan repayment obligations are up to date and the financial stability of the new company has been verified. In any event, the mortgage security provides adequate protection of the City's investment.

## **ATTACHMENTS**

Nil

(Foundation Housing Limited has provided the City with a copy of its Constitution and other relevant documentation. This can be made available to interested Councillors upon request.)

## **STRATEGIC IMPLICATIONS**

KRA 3 of the City's Strategic Plan is relevant.

Objective 3.1 - Enhance the individual's capacity to retain their independence and lead fulfilling lives within their community.

Strategy 3.1.1 - Ensure equitable and available access to community services and facilities for marginalised individuals and groups.

Strategy 3.1.2 - Assist individuals to maintain individual independence.

Strategy 3.1.3 - Assist individuals and community groups to move toward self-reliance within their communities.

## **STATUTORY ENVIRONMENT**

Not applicable.

## **FINANCIAL IMPLICATIONS**

As outlined in the Report.

(It is proposed to instruct the City's solicitors to prepare necessary documentation at the cost of Foundation Housing Limited).

## **RECOMMENDATION**

That the Council resolve to:

- 1) Approve the transfer of the property at Lot 303 Brearley Street, Bullsbrook, from Emcha Inc. to Foundation Housing Limited.
- 2) Convert the City's existing mortgage from Emcha Inc. to Foundation Housing Limited.
- 3) Note that the necessary documentation will be prepared by the City's solicitors at the cost of Foundation Housing Limited.

**CARRIED**