

The Regional Municipality of York

Housing York Inc.
October 5, 2017

Report of the
General Manager
and
Chief Financial Officer

2018 Mortgage Renewal

1. Recommendations

It is recommended that:

1. The Board authorize the Ministry of Housing to act on Housing York Inc.'s behalf to negotiate the mortgage renewal, in accordance with the provisions of the attached resolution (see Attachment 1) provided by the Ministry, for Hadley Grange, located at 16105 Yonge Street, Town of Aurora.
2. The Board pass the attached resolution recommendation.
3. The Board authorize the President to execute the necessary agreements and documents required by the lender to amend or renew the mortgage.
4. The Board authorize the Secretary to certify the attached resolution and to provide copies to the Ministry of Housing and the Lender.

2. Purpose

This report seeks Board approval to proceed with the mortgage renewal process for Hadley Grange, Town of Aurora in accordance with Housing York Inc.'s (Housing York's) borrowing by-law. The existing mortgage on this property expires February 1, 2018. A Board resolution is required to renew this mortgage.

3. Background

Ministry of Housing coordinates Housing York's mortgage renewals

On January 1, 2001, the Ministry of Housing assumed the responsibility for coordinating mortgage renewals for housing providers. A centralized and unified mortgage renewal process has increased the Ministry's bargaining power, and resulted in favourable interest rates for housing providers across Ontario. This process also provides a single point of contact for housing providers during the renewal process.

The Ministry researches the rates available through different sources, particularly the Ontario Financing Authority Corporation (the funding authority for the Province), Canada Mortgage and Housing Corporation, and financial markets. Historically, mortgage rates obtained by the Ministry of Housing have been the best rates available on the market.

Housing York's borrowing by-law enables refinancing of the buildings

Housing York's borrowing by-law allows for the financing of its Provincial Reform buildings. All buildings in this program with five or more years remaining to maturity are financed by mortgages that have been arranged by the Ministry of Housing.

In 2018 the mortgage for Hadley Grange will be renewed. This is an 80 unit seniors building located in the town of Aurora. The existing mortgage expires on February 1, 2018 concluding a ten year term at 4.49%. The estimated principal balance of the existing mortgage is \$4,188,511.51. The remaining amortization period is ten years.

4. Analysis and Implications

Renewal rates expected to be between 2.87 per cent to 3.34 per cent

Mortgage rates, available at September 1, 2017, range between 2.37 per cent for a five year term and 2.84 per cent for a ten year term, according to the Ministry of Housing. Based on current market conditions and signaling from the Bank of Canada, it is likely renewal rates will be higher. Renewal rates are forecasted to be between 2.87 per cent for a five year term and 3.34 per cent for a ten year term. A five year or ten year term may be negotiated depending on the rates at the time of renewal and the life of the remaining mortgage.

The Region could save approximately \$270,000 in interest over a ten year mortgage term if the mortgage is renewed at the forecasted 3.34 per cent interest rate compared to the current 4.49 per cent interest rate.

The mortgage renewal process is lengthy, taking three to five months to complete. The Ministry of Housing requires considerable lead-time to identify and negotiate the best terms on behalf of housing providers. Once these details are confirmed, the Ministry of Housing will work with Housing York to execute the transactions and register the documents.

5. Financial Considerations

The Region will adjust subsidy funding to Housing York to reflect the updated mortgage rates

The Region provides Housing York with subsidies to cover mortgage costs. Following the mortgage renewal, the Region will recalculate Housing York's mortgage subsidy. Mortgage renewals do not have a budget impact for Housing York. However, the Region will achieve savings in its overall Regional budget. The estimated savings to the Region over a ten year term could be approximately \$270,000.

6. Local Municipal Impact

Housing York pays property taxes to the local municipalities based on independent assessments through the Municipal Property Assessment Corporation. The financing structure of the properties does not have a direct impact at the local level.

7. Conclusion

Housing York will renew the mortgage for Hadley Grange following the processes established by the Ministry of Housing. The renewal rate is expected to be lower than the existing terms and will not result in any budget impact for Housing York.

2018 Mortgage Renewal

For more information on this report, please contact Michelle Willson at 1-877-464-9675 ext. 76064.

The Senior Management Group has reviewed this report.

Recommended by:

Rick Farrell
General Manager

Michelle Willson
Chief Financial Officer

Approved for Submission:

Katherine Chislett
President

September 20, 2017

Attachment (1)

#7792663

Accessible formats or communication supports are available upon request

**RESOLUTION OF THE BOARD OF DIRECTORS
OF
HOUSING YORK INC.**

WHEREAS HOUSING YORK INC. (the "Corporation" and/or "Housing Provider") has requested the Ministry of Housing (the "Ministry") to arrange on its behalf a refinancing of the existing charge/mortgage of land (the "Mortgage") for its project municipally known as 16105 Yonge Street, Aurora maturing on February 1, 2018 in the approximate amount of \$4,188,511.51.

AND WHEREAS the Ministry has agreed to arrange said mortgage financing and the Housing Provider agrees to be bound for those purposes by the terms and conditions contained in the said Mortgage, or any amendments thereto.

THEREFORE BE IT RESOLVED THAT:

1. The Housing Provider hereby authorizes the Ministry to solicit and arrange on its behalf such Mortgage(s) or Mortgage facilities with a Lender or its authorized agent (the "Lender") as it deems necessary, appropriate or advisable for the project identified above and for the maturity date aforementioned;
2. The Housing Provider hereby agrees to be bound to the Lender for such mortgage purposes and upon the terms and conditions contained in the said Mortgage, or any amendments thereto, and the Housing Provider hereby further agrees to mortgage its property and assets to secure its present and future obligations under the said Mortgage, or any amendments thereto, to the Lender, as deemed necessary or advisable;
3. The Housing Provider hereby authorizes the designated signing Officers to enter into such agreement or agreements amending the terms of the said Mortgage and to deliver to the Lender such document or documents as may be deemed necessary, advisable or required by the Lender to give effect thereto;
4. The Housing Provider hereby confirms that this Resolution has been ratified and approved by its Board of Directors and it agrees to deliver this resolution to the Ministry and to the Lender; and
5. The Housing Provider further confirms that this resolution shall continue in force and effect until written notice to the contrary is delivered to the Lender and the Ministry with receipt acknowledged by the Lender and the Ministry.

I HEREBY CERTIFY that the foregoing is a true copy of a Resolution passed by the Board of Directors of the Housing Provider on the _____ day of _____, 20____, which Resolution was duly enacted in the manner authorized by law and in conformity with the constating documents of the Housing Provider and that this Resolution has not been amended and continues to be in full force and effect.

Dated at _____ this _____ day of _____, 20____.

HOUSING YORK INC.

Per: _____ c/s

Name:

Title:

I have the authority to bind the subject Corporation