

The Regional Municipality of York

Housing York Inc.
January 26, 2017

Report of the
General Manager
and
Chief Financial Officer

2017 Mortgage Renewals

1. Recommendations

It is recommended that:

1. The Board authorize the Ministry of Housing to act on Housing York Inc.'s behalf to negotiate mortgage renewals, in accordance with the provisions of the attached resolution (see Attachment 1) provided by the Ministry, for:
 - a. Mulock Village, located at 507 Needler Crescent, Town of Newmarket
 - b. Thornhill Green, located at 61–5 Inverlochy Boulevard, City of Markham
2. The Board pass the attached resolution recommendation.
3. The Board designate the President to sign the mortgage agreements and documents, subject to prior review of the Solicitor.
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 Mulock Village, Town of Newmarket; and Thornhill Green, City of Markham in accordance with Housing York Inc.'s (Housing York's) borrowing by-law. The existing mortgages on these properties expire March 1, 2017 and December 1, 2017, respectively. Board resolutions are required to renew these mortgages.

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 increases the Ministry's bargaining power, which results 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 are financed by mortgages that have been arranged by the Ministry of Housing.

Mortgages will be renewed on the following properties in 2017:

Mulock Village

- A 104 mixed-family townhouse complex, built in 1992, on seven acres of land. Of the 104 units, 74 (or 71%) are rent-geared-to-income units eligible for subsidy funding. Located in the west end of Newmarket, this property features a centrally located community building with a recreation room and fully equipped kitchen, near a major shopping mall and transportation corridors.
- The existing mortgage expires on March 1, 2017 concluding a ten-year term at 4.55%. The estimated principal balance of the existing mortgage is \$7,776,297.66. The remaining amortization period is eight years.

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Thornhill Green

- A 101 mixed-family townhouse complex, built in 1966, on six-and-a-half acres of land. Of the 101 units, 54 (or 53%) are rent-geared-to-income units eligible for subsidy funding. This property is located in southwest Markham, in the community of Thornhill, close to public transit, schools, shopping and community centres.
- The existing mortgage expires on December 1, 2017 concluding a five-year term at 2.11%. The estimated principal balance of the existing mortgage is \$4,025,952.97. The remaining amortization period is ten years.

Housing York's last mortgage renewal was completed in 2015 for:

- Glenwood Mews, 1–64 Patchell Crescent, Georgina
- Trinity Square, 37 Bates Way, Markham
- Oxford Village, 84 Oakridge Court, East Gwillimbury
- Heritage East, 349 Crowder Street, Newmarket

The next mortgage renewals, scheduled in 2018, are for:

- Hadley Grange, 16105 Yonge Street, Aurora
- Porter Place, 18838 Yonge Street, East Gwillimbury

4. Analysis and Implications

Renewal rates expected to be between 1.2% - 1.8%

The existing mortgage rates range between 2.11% and 4.55%. Based on current market conditions, it is likely that the renewal rates will be lower. Renewal rates are forecasted to be between 1.2% - 1.8%. A five-year or ten-year term may be negotiated depending on the rates and the life of the remaining mortgage.

The mortgage renewal process takes about four 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.

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5. Financial Considerations

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

Mortgage costs are a subsidy flow-through from the Service Manager to Housing York. Following the mortgage renewals, the Region will recalculate Housing York's mortgage subsidy. Mortgage renewals do not create a budget impact for Housing York. However, York Region will achieve savings in its overall Regional budget. Depending on the rate, the estimated savings to the Region over a five year term could range between \$800,000 and \$1.1 million.

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 mortgages for Mulock Village and Thornhill Green following the processes established by the Ministry of Housing. Renewal rates are expected to be lower than the existing terms and will not result in any budget impact for Housing York due to the Service Manager's funding formula provisions.

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

2017 Mortgage Renewals

The Senior Management Group has reviewed this report.

Recommended by:

Rick Farrell
General Manager

Michelle Willson
Chief Financial Officer

Approved for Submission:

Adelina Urbanski
President

December 9, 2016

Attachment (1)

#7084133

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 507 Needler Crescent, Newmarket maturing on March 1, 2017 in the approximate amount of \$7,776,297.66.

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

**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 51-95 Inverlochy Blvd., Markham maturing on December 1, 2017 in the approximate amount of \$4,025,952.95.

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

HOUSING YORK INC.

Per: _____ c/s

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Title:

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