

The Regional Municipality of York

Housing York Inc.
January 8, 2015

Report of the
General Manager
and
Chief Financial Officer

2015 Mortgage Renewals

1. Recommendations

It is recommended that:

1. The Board authorize the Ministry of Municipal Affairs and 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:
 - 1) Glenwood Mews located at 1-64 Patchell Crescent, Town of Georgina
 - 2) Trinity Square located at 37 Bates Way, City of Markham
 - 3) Oxford Village located at 84 Oakridge Court, Town of East Gwillimbury
 - 4) Heritage East located at 349/351 Crowder Boulevard, Town of Newmarket
2. The Board pass the attached resolution.
3. The Board designate the President to sign the mortgage agreements and documents subject to prior review of the Solicitor and Treasurer.
4. The Board authorize the Secretary to certify the attached resolution and to provide copies to the Ministry of Municipal Affairs and Housing and the Lender.

2. Purpose

This report seeks Board approval to proceed with the mortgage renewal process for Glenwood Mews, Town of Georgina; Trinity Square, City of Markham; Oxford Village, Town of East Gwillimbury; and Heritage East, Town of Newmarket. The existing mortgages on these properties will expire between February 1, 2015 and October 1, 2015 and Board resolutions are required to renew these mortgages.

3. Background

Ministry of Municipal Affairs and Housing coordinates Housing York Inc.'s mortgage renewals

On January 1, 2001, the Ministry of Municipal Affairs and Housing (MMAH) 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 MMAH have been the best rates available on the market.

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

Housing York Inc.'s (Housing York) 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 MMAH.

Mortgages will be renewed on the following properties in 2015:

Glenwood Mews

- Townhouse complex, built in 1989 on five acres of land, and includes 64 mixed family townhouses; of the 64 units, 52, or 81%, are rent geared-to-income (RGI) and eligible for subsidy funding. Located in the south end of Keswick, this property is close to shopping, schools and transportation corridors.

2015 Mortgage Renewals

- The existing mortgage expires on February 1, 2015 concluding a ten-year term at 4.54%. The estimated principal balance of the existing mortgage is \$3,703,366. The remaining amortization period is 10 years.

Trinity Square

- Townhouse complex, built in 1997 on 6.5 acres of land, and includes 100 mixed family townhouses; of the 100 units, 60, or 60% are RGI and eligible for subsidy funding. Located in the heart of Markham, this property is close to shopping and schools with easy access to public transit.
- The existing mortgage expires on March 1, 2015 concluding a ten-year term at 4.61%. The estimated principal balance of the existing mortgage is \$8,567,762. The remaining amortization period is 12 years.

Oxford Village

- Three and a half storey apartment building; built in 1995 on 0.76 acres of land and includes 36 seniors units; of the 36 units, 27, or 75%, are RGI and eligible for subsidy funding. This property is ideally located in East Gwillimbury close to the community centre, library and shopping.
- The existing mortgage expires on June 1, 2015 concluding a ten-year term at 4.39%. The estimated principal balance of the existing mortgage is \$2,292,512. The remaining amortization period is 15 years.

Heritage East

- Four-storey apartment building, physically divided in two sections: 349 Crowder Street which includes 54 seniors units, and 351 Crowder Street which includes 66 mixed family units. This property was built in 1992 on 2.71 acres of land; of the combined 120 units, 97, or 81%, are RGI and eligible for subsidy funding. This building is located on the east side of Newmarket, close to shopping and schools, with easy access to public transit.
- The existing mortgage expires on October 1, 2015 concluding a five-year term at 2.69%. The estimated principal balance of the existing mortgage is \$9,270,157. The remaining amortization period is 12 years.

Housing York's last mortgage renewal was completed in 2012 for Thornhill Green, 61 Inverlochy Blvd, Thornhill. The next mortgage renewals scheduled in 2017 are Mulock Village, 507 Needler Crescent, Newmarket and Thornhill Green, 61 Inverlochy Blvd., Thornhill.

4. Analysis and Options

Renewal rates expected to be between 1.8% – 2.4%

The existing mortgage rates range between 2.69% and 4.61%. Based on current market conditions, it is likely that the renewal rates will be lower. Renewal rates are forecasted to be between 1.8% - 2.4%. 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. MMAH requires considerable lead-time to identify and negotiate the best terms on behalf of housing providers. Once these details are confirmed, MMAH will work with Housing York to execute the transactions and register the documents.

[Link to key Council-approved plans](#)

The 2015 mortgage renewals align with Housing York's ongoing commitment to manage finances prudently as outlined in its Strategic Plan 2012 – 2016 and the York Region Strategic Plan 2011 – 2015.

5. Financial Implications

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

Mortgage renewals do not create a budget impact for Housing York. However, York Region will achieve savings in its overall Regional budget. Mortgage costs are a subsidy flow-through from the Service Manager to Housing York. The Region will recalculate Housing York's annual funding following the mortgage renewals, and is anticipated to be lower due to the lower interest rates.

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 Glenwood Mews, Trinity Square, Oxford Village, and Heritage East following the processes established by the Ministry of Municipal Affairs and Housing. Renewal rates are expected to be lower than the existing terms but this 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 Carlene Jackson, Chief Financial Officer, at ext. 76064.

The Senior Management Group has reviewed this report.

Recommended by:

Rick Farrell
General Manager

Carlene Jackson
Chief Financial Officer

Approved for Submission:

Adelina Urbanski
President

December 17, 2014

Attachment (1)

#5757681

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 Municipal Affairs and 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 37 Bates Way, Markham maturing on March 1, 2015 in the approximate amount of \$8,567,762.

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: _____

Name:

Title:

Per: _____

Name:

Title:

I/We 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 Municipal Affairs and 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 84 Oakridge Court, Holland Landing maturing on June 1, 2015 in the approximate amount of \$2,292,512.44.

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.

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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;
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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;
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