THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
April 13, 2005
Report of the
General Manager

**MORTGAGE RENEWAL
OXFORD VILLAGE**

1. RECOMMENDATIONS

It is recommended that:

1. The Corporation, utilizing the services of the Ministry of Municipal Affairs and Housing, refinance the existing mortgage against Oxford Village, 84 Oakridge Court, Holland Landing in the Town of East Gwillimbury, maturing on June 1, 2005.

2. The Corporation’s Chair and Secretary be authorized to execute all documents necessary to effect thereto, subject to the prior review by the Corporation’s Solicitor and the Treasurer, as applicable.

2. PURPOSE

Housing York Inc. has fixed-term mortgages on each of nine Provincial Reform properties that periodically expire and must be renewed. Oxford Village is a 36 unit seniors’ apartment building located on 84 Oakridge Court in the Town of East Gwillimbury. The mortgage expires on June 1, 2005 with an estimated principal balance of $3,192,101.73 at the end of its five-year, three month term.

3. BACKGROUND

Housing York Inc. received a letter from the Financial Administration Section, Social Housing Branch, Ministry of Municipal Affairs and Housing (MMAH) on January 14, 2005 relating to the Oxford Village property mortgage.

4. ANALYSIS AND OPTIONS

MMAH has been performing the mortgage renewal function since 1993 and has been able to achieve significant savings. MMAH researches rates available through different sources, particularly: The Ontario Financing Corporation (the funding authority for the Province), Canada Mortgage and Housing Corporation (CMHC), and Financial Markets.

Historically, the mortgage rates obtained through this service have been the best attainable. The existing rate on the Oxford Village mortgage is 6.87%. It is likely that renegotiated rates will be between 4% and 5%. A longer financing term is also probable.

Furthermore according to the *Social Housing Reform Act, 2000* and regulations, housing providers are required to participate in such process as may be established by the minister for the renewal and replacement of mortgages (*SHRA,2000*, Section 93 (2)(h), Regulations 339, Sec 38).

5. FINANCIAL IMPLICATIONS

Mortgages for the non-profit housing projects are currently funded directly (100% of mortgage costs) within the Non-Profit Social Housing Funding Model. Effectively, the costs of the mortgages are borne by The Regional Municipality of York within the Social Housing Program expenditures. These program costs are partially offset by Federal Housing program subsidies.

Lower interest rates for the past two years have resulted in savings related to mortgage costs. The current savings reduce operating costs and therefore lower the 2005 Regional budget for subsidies to Housing York Inc., which has been reflected in the 2005 budget.

6. LOCAL MUNICIPAL IMPACT

There is no direct impact on local municipalities.

7. CONCLUSION

Housing York Inc. expects to achieve a reduced rate and cost of financing through the renewal of the mortgage with MMAH.

The Senior Management Group has reviewed this report.

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