

THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
December 5, 2007
Report of the
General Manager

HOUSING YORK INC. MORTGAGE RENEWAL HADLEY GRANGE

1. RECOMMENDATIONS

It is recommended that:

1. The Board approve a resolution for the Ministry of Municipal Affairs and Housing to launch the mortgage renewal for Hadley Grange located at 16105 Yonge Street in the Town of Aurora.
2. The Board authorize the Corporation's Chair and Secretary to execute all subsequent documents necessary to complete the transaction in accordance with the Corporation's signing authorities, subject to the prior review of the Solicitor and the Treasurer, as applicable.

2. PURPOSE

This report seeks Board approval to launch the mortgage renewal process for Hadley Grange. The Ministry of Municipal Affairs and Housing has recently advised Housing York Inc. that the existing mortgage will expire on February 1, 2008 and that a Board resolution is required to commence the renewal process.

3. BACKGROUND

3.1 All Housing York Inc. mortgage renewals are coordinated through the Ministry of Municipal Affairs and Housing

On January 1, 2001, the Ministry of Municipal Affairs and Housing assumed the responsibility coordinating mortgage renewals for housing provider properties. A centralized and unified mortgage renewal process permits consistent negotiation with lenders which results in favourable interest rates. It also provides a single point of contact for housing providers during the renewal process.

The Ministry researches rates available through different sources, particularly: The Ontario Financing Corporation (the funding authority for the Province); Canada Mortgage and Housing Corporation; and financial markets. Historically, the mortgage rates obtained through the Ministry of Municipal Affairs and Housing have been the best attainable.

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

Housing York Inc. uses its borrowing by-law to facilitate the financing of its buildings. All of the Provincial Reform buildings as well as the emergency shelter are financed by mortgages that have been arranged through the Ministry.

Hadley Grange is an 80 unit seniors' apartment building in the Provincial Reform program.

The existing mortgage for Hadley Grange expires on February 1, 2008 concluding a five-year term. The estimated principal balance of the existing mortgage is \$6,876,257.15.

Housing York Inc.'s last mortgage renewal was completed in 2006 for Mulock Village located in the Town of Newmarket. The next mortgage renewal is scheduled in September 2008 for the emergency shelter.

4. ANALYSIS AND OPTIONS

4.1 Renegotiated rate expected to be between 4.75%–5.0%

The existing rate on the Hadley Grange mortgage is 4.438%. Based on current market conditions, it is likely that the renegotiated rates will be slightly higher.

The mortgage renewal process takes about four months to complete. There is considerable lead time for the Ministry of Municipal Affairs and Housing to identify and negotiate the best terms on behalf of the housing provider. Once these details are set, the Ministry works with Housing York Inc. to execute the transaction and register the documents.

The Service Manager is fully informed of the details as the renewal transaction progresses.

5. FINANCIAL IMPLICATIONS

5.1 Subsidy funding is adjusted to reflect the updated mortgage rate

There is no budget impact for Housing York Inc. Under the funding formula subsidy eligibility is recalculated following a mortgage renewal. Due to the anticipated higher interest rate, a higher subsidy payment will flow to Housing York Inc. to offset the increase. Due to the marginal difference between the existing rate and the expected rate, the amount is not considered to be significant.

6. LOCAL MUNICIPAL IMPACT

Housing York Inc. pays property taxes to the local municipalities based on independent assessments through the Municipal Property Assessment Corporation. Therefore, the financing structure of the buildings does not have any direct impact at the local level.

7. CONCLUSION

Housing York Inc. will renew the mortgage for Hadley Grange following the processes established by the Ministry of Municipal Affairs and Housing. The renewal rate is expected to be nominally higher than the existing terms but will not carry any budget impact due to funding formula provisions.

For more information on this report contact Sylvia Patterson, Assistant General Manager, Housing York Inc., Housing Services Branch in the Community and Health Services Department.

The Senior Management Group has reviewed this report.

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November 16, 2007

KC/sv

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