THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
May 7, 2008
Report of the
General Manager

HOUSING YORK INC. MORTGAGE RENEWAL
18838 YONGE STREET, TOWN OF EAST GWILLIMBURY

1. RECOMMENDATIONS

It is recommended that:

1. The Board approve a resolution for the Ministry of Municipal Affairs and Housing to initiate the mortgage renewal for the property at 18838 Yonge Street in the Town of East Gwillimbury.

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 initiate the mortgage renewal process for 18838 Yonge Street. The existing mortgage will expire on September 1, 2008 and a Board Resolution is required to commence the renewal process.

3. BACKGROUND

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 of 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.

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 program buildings as well as the emergency shelter are financed by mortgages that have been arranged through the Ministry.

The property at 18838 Yonge Street is currently leased to Transitional & Supportive Housing Services of York Region who operate shelter services at the site.

The existing mortgage for the property at 18838 Yonge Street expires on September 1, 2008 concluding a five-year term. The estimated principal balance of the existing mortgage is $1,163,517.49.

Housing York Inc.’s last mortgage renewal was completed in February 2008 for Hadley Grange located in the Town of Aurora. The next mortgage renewal is scheduled in January 2010 for Heritage East in the Town of Newmarket.

4. ANALYSIS AND OPTIONS

Renegotiated rate expected to be around 4.7% which is slightly higher than existing

The existing rate on the property’s mortgage is 4.553%. Based on current market conditions, it is likely that the renegotiated rates will be slightly higher. The most recent mortgage renewal for a housing provider in York Region was completed at 4.6872%.

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

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. Any change in interest rate automatically results in a change in the subsidy payment that will flow to Housing York Inc. from the Region for the shelter. 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 the property at 18838 Yonge Street in the Town of East Gwillimbury 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, please contact Sylvia Patterson, Assistant General Manager, Housing York Inc. at Ext. 2091.

The Senior Management Group has reviewed this report.

Reviewed by:	Recommended by:
Sylvia Patterson Assistant General Manager	Joann Simmons General Manager

May 1, 2008

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