THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
October 10, 2012
Report of the
General Manager

MORTGAGE RENEWALS
THORNHILL GREEN AND ROSE TOWN

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 the mortgage renewal for Thornhill Green located at 51-95 Inverlochy Boulevard, in the City of Markham, in accordance with the provisions of the attached resolution (see *Attachment 1)* provided by the Ministry.

2. The Board authorize the Ministry of Municipal Affairs and Housing to act on Housing York Inc.'s behalf to negotiate the mortgage renewal for Rose Town located at 125 Pugsley Avenue, in the Town of Richmond Hill, in accordance with the provisions of the attached resolution document (see *Attachment 2*) provided by the Ministry.

3. The Board pass the attached resolutions.

4. The Board authorize the General Manager to sign the mortgage documents subject to prior review of the Solicitor and Treasurer.

5. The Board authorize the Corporation's Secretary to certify the attached resolutions and to provide copies to the Ministry of Municipal Affairs and Housing and the Lender.

2. PURPOSE

This report seeks authorization to proceed with the mortgage renewal process for Thornhill Green and Rose Town. The Ministry of Municipal Affairs and Housing (the Ministry) has advised Housing York Inc. (Housing York) that the existing mortgages will expire on December 1, 2012 and that Board resolutions are required to refinance the properties.

3. BACKGROUND

Mortgage renewals for Housing York are coordinated through the Ministry of Municipal Affairs and Housing

On January 1, 2001, the Ministry assumed the responsibility of coordinating mortgage renewals for housing provider properties. A centralized and unified mortgage renewal process provides the ability to bulk tender mortgages across the Province which results in favourable interest rates. It also provides a single point of contact for housing providers and lenders during the renewal process.

Mortgage prepayment is not a standard feature of this program. Ministry staff have indicated that while prepayment could be considered in future, it would need to be subject to extensive prior discussion with the Province and possibly the consent of the Minister.

The Ministry researches rates available through different sources, particularly Ontario Financing Authority Corporation (the funding authority for the Province), Canada Mortgage and Housing Corporation, and financial markets. Historically, the mortgage rates obtained through the Ministry have been the best attainable in the market place.

Housing York’s borrowing by-law enables refinancing of the buildings

Housing York’s borrowing by-law contemplated the process of the financing of the Provincial Reform buildings. All buildings in this program are financed by mortgages that have been arranged through the Ministry.

Thornhill Green is a townhouse complex which includes 101 mixed family townhouses. Of the 101 units, 41, (41%), are designated as rent-geared-to-income.

The existing mortgage for Thornhill Green expires on December 1, 2012 concluding a five- year term. The estimated principal balance of the existing mortgage is $5,711,540.

Rose Town is a six-storey apartment building which includes 125 seniors’ units. Of the 125 units, 94, (75%), are designated as rent-geared-to-income.

The existing mortgage for Rose Town expires on December 1, 2012 concluding a ten-year term. The estimated principal balance of the existing mortgage is $4,349,184.

Housing York’s last mortgage renewal was completed in 2010 for Heritage East, located in the Town of Newmarket. The next mortgage renewal is scheduled in February 2015 for Glenwood Mews in the Town of Georgina. This will be the first of the five properties with mortgage renewals scheduled for 2015.

4. ANALYSIS AND OPTIONS

Renegotiated rate expected to be between 2.2% – 2.8%

The existing mortgage rate is 5.45% for Thornhill Green and 5.34% for Rose Town. Based on current market conditions, it is likely that the renegotiated rates will be considerably lower. A ten-year term may be negotiated to take advantage of lower rates for an extended period subject to availability of funds in the marketplace and in consultation with the Region's Treasury office.

Treasury has reviewed the proposed rates and confirms that these are lower than can be achieved through other means. For example it is expected that the best rate for the Region could achieve independently would be 3.15%.

The mortgage renewal process takes several months to complete. Considerable lead time is required to identify and negotiate the best terms on behalf of the housing provider. Once these details are set, the Ministry will work with Housing York to execute the transactions and register the documents.

A review of the mortgages using the top of the anticipated rate range as illustrated in Table 1 below.

Table 1
Anticipated Rate of Mortgages

	Thornhill Green	**Rose Town**
Amortization Period	15 years	10 years
Term	10 years	10 years
Interest Rate	2.8%	2.8%
Monthly Payment	$38,852	$41,563
Balance at end of term	$2,173,661	$0

5. FINANCIAL IMPLICATIONS

Subsidy funding is adjusted to reflect the updated mortgage rate

Refinancing the mortgages does not impact the budget for Housing York. The actual costs of the mortgage are funded by the Region as the Service Manager and therefore mortgage savings as a result of lower rates are realized by the Region. The savings for this 10 year term, over existing rates are expected to be in the range of $235,000.

6. LOCAL MUNICIPAL IMPACT

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

7. CONCLUSION

Housing York will renew the mortgages for Thornhill Green and Rose Town following the processes established by the Ministry. The renewal rate is expected to be lower than the existing terms but will not carry any budget impact to Housing York.

For more information on this report contact Sylvia Patterson, Assistant General Manager, Housing York Inc., at Ext. 2091.

The Senior Management Group has reviewed this report.

Recommended by:	Approved for Submission:
Sylvia Patterson Assistant General Manager	Adelina Urbanski General Manager

September 25, 2012

Attachments – 2

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ATTACHMENT 1

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 51-95 Inverlochy Blvd., Markham maturing on December 1, 2012 in the approximate amount of $5,711,539.94.

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

ATTACHMENT 2

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 125 Pugsley Ave. South, Richmond Hill maturing on December 1, 2012 in the approximate amount of $4,349,182.81.

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