

## **Supplementary Report: Sale of 20 Toronto Community Housing Corporation Houses to Wigwamen Inc.**

<b>Date:</b>	May 10, 2010
<b>To:</b>	City Council
<b>From:</b>	General Manager, Shelter, Support and Housing Administration
<b>Wards:</b>	21, 29, 30, 32
<b>Reference Number:</b>	

### **SUMMARY**

---

This report responds to the motion adopted by Community Development and Recreation Committee on April 23, 2010 regarding the sale of 20 houses by Toronto Community Housing Corporation (TCHC) to Wigwamen Incorporated (Wigwamen) (CD32.2):

“That the General Manager, Shelter, Support and Housing Administration, report directly to City Council on the following:

- market value of the homes proposed to be sold
- the remaining balances on the mortgages
- alternative costs which would be avoided, timelines and any other issues.”

### **Financial Impact**

There are no financial impacts resulting from this report.

### **DECISION HISTORY**

On April 23, 2010, the Community Development and Recreation Committee considered a report from the General Manager, Shelter, Support and Housing Administration, on the proposed sale by TCHC of 20 single family houses to Wigwamen.

<http://www.toronto.ca/legdocs/mmis/2010/cd/bgrd/backgroundfile-29401.pdf>

The Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020, approved by Council at its meeting of August 5 and 6, 2009, identifies as key City actions to: “Address the housing issues facing Aboriginal people who are homeless by allocating funds to support the development of Aboriginal-specific housing options”; and to “Ensure that the existing social housing stock achieves and maintains a state of good repair by supporting the efforts of Toronto Community Housing Corporation to implement its Real Estate Asset Investment Strategy.”

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

## **ISSUE BACKGROUND**

As set out in the April 9, 2010 staff report (CD32.2), TCHC proposes to sell 20 single family houses in various locations to Wigwamen at a price that is equivalent to the cost to pay out the remaining balances of the mortgages to ensure their continued social use. Council consent to the sale is required in accordance with the City’s Shareholder Direction to TCHC.

TCHC’s Real Estate Asset Investment Strategy – Housing Works identified the sale of 47 single family houses. The Strategy contemplated the sale of these houses at market value to offset the cost of replacing the units as required under TCHC’s Operating Agreement with the City. As set out in CD32.2, through the proposed sale to Wigwamen, TCHC can avoid replacement costs for 20 houses as service levels will be maintained by transferring rent supplements to Wigwamen.

All 20 of the houses proposed to be sold are in need of repair and 18 are currently vacant. Wigwamen is eligible to receive capital funds under the federal Homelessness Partnership Initiative (HPI), Aboriginal Homelessness Strategy for required renovations to these houses.

The proposed sale provides a unique opportunity to leverage federal dollars to invest in needed repairs to housing stock and help address homelessness in Toronto’s Aboriginal community.

As reported in CD32.2, the Boards of Directors of both TCHC and Wigwamen have adopted resolutions in support of the sale of the 20 houses by TCHC to Wigwamen

## **COMMENTS**

### Total Market Value of the Homes Proposed to be Sold

Using comparable research data from Toronto Multiple Listing Service (MLS), TCHC estimates that the aggregate current market value of the 20 houses proposed to be sold is \$8.6 million for an average of \$430,000 per house.

### Remaining Balances on the Mortgages

The following table details the remaining balances on the mortgages for each of the 20 houses proposed to be sold. It should be noted that eight of the houses listed are Public Housing units financed through a debenture and not a mortgage loan. For these units, the outstanding mortgage balance is identified as \$0. There is no cost to discharge the debenture security.

Ward	Address	Bedrooms	Mortgage Balance \$	Notes
21	30 Arlington Ave.	3	0	debenture
29	239 Milverton Blvd.	3	0	debenture
30	147 Boulton Ave.	3	24,215	
30	96 Coady Ave.	3	33,527	
30	58 Dingwall Ave.	4	38,066	
30	429 Pape Ave.	3	25,044	
30	101 Redwood Ave.	3	0	debenture
30	85 Simpson Ave.	4	0	debenture
32	31 Aldridge Ave.	3	36,227	
32	126 Bastedo Ave.	3	35,079	
32	15 Bellhaven Rd.	3	23,784	
32	41 Devon Rd.	3	0	debenture
32	318 Gainsborough Rd.	3	0	debenture
32	131-A Golfview Ave.	3	35,263	
32	114 Kingsmount Park Rd.	3	0	debenture
32	75 Knox Ave.	3	64,121	
32	114 Malvern Ave.	3	0	debenture
32	67 Maughan Cr.	3	25,622	
32	109 Merrill Ave.	3	22,481	
32	12 Wildwood Cr.	3	31,727	
<b>TOTAL</b>			<b>\$395,156</b>	

### Alternative Scenarios

#### Repair and Continued Operation by TCHC:

TCHC completed building condition audits to assess the state of repair of their single family homes. Based on the audits, 47 houses were identified that required significant repair. Included within the 47 are the 20 houses proposed to be sold to Wigwamen. The audits for the 20 houses identified that an estimated \$1.2 million in repairs will be required over the next ten years.

Wigwamen's assessment team reviewed TCHC's building condition audits and 17 of the 20 houses to determine the capital investments required. Wigwamen, pending Council

approval, will receive funding under the federal Homelessness Partnership Initiative (HPI), Aboriginal Homelessness Strategy to address the current capital deficiencies of the 20 houses estimated at \$800,000. Wigwamen will be responsible for all future capital and repair costs.

In addition, single family homes are not as cost effective for TCHC to operate and manage as their larger multi-unit properties. Unless there is some geographical concentration or a co-location with a larger multi-unit property, operational staffing and support can be a challenge.

Wigwamen has an excellent track record in maintaining the over 200 single family homes in their existing portfolio. Each of the 20 houses proposed to be sold by TCHC is located in close proximity to existing Wigwamen properties.

**Sale and Replacement:**

The following provides a breakdown of the revenues under a scenario where TCHC sells the 20 houses and is required to replace the units. Replacement of the units would be required in order for TCHC to maintain the service level in accordance with the Operating Agreement with the City.

Sale & Replacement Scenario	Total	Per Unit
Sales Proceeds	8,600,000	430,000
Sales commissions, spruce up	(516,000)	(25,800)
Net Sales Proceeds	8,084,000	404,200
Hard Costs (demolition, construction, management)	(5,108,200)	(255,410)
Soft Costs (planning, design, fees, relocation)	(1,021,644)	(51,082)
Total Replacement Costs	(6,129,844)	(306,492)
Net Profit (before land)	1,954,156	97,708

**Note:** For the purpose of analysis, costs are estimated for the replacement of 3-bedroom units

An additional equity investment by TCHC would be required to acquire land ranging from:

- \$5 Million for small infill scale for houses or townhouses; or
- \$3.3 Million for a small townhouse development; or
- \$1.3 Million for high density apartment building

These calculations do not include the option of offsetting some of the costs by increasing the density and building market rental units.

Under the small infill and townhouse scenarios, there would be a net loss to TCHC. There would be a small net profit for TCHC under the high density scenario, however,

the geographical distribution of social housing units would be reduced as the replacement units would be developed on a single site.

## **CONTACT**

Phillip Abrahams  
Director, Social Housing  
Tel: 416-392-0054  
E-mail: [pabraham@toronto.ca](mailto:pabraham@toronto.ca)

## **SIGNATURE**

---

Phil Brown  
General Manager  
Shelter, Support and Housing Administration