

Sale of 20 Toronto Community Housing Corporation Houses to Wigwamen Incorporated

Date:	April 9, 2010
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	21, 29, 30, 32
Reference Number:	

SUMMARY

The purpose of this report is to request Council consent to the sale by Toronto Community Housing Corporation (TCHC) of 20 houses to Wigwamen Incorporated (Wigwamen), in accordance with the City's Shareholder Direction.

TCHC's Real Estate Asset Investment Strategy identified 47 houses in the single family portfolio to be sold. This report deals with the proposed sale of 20 of these single family homes to Wigwamen. The remaining 27 single family homes are to be subject to a request for expressions of interest to community agencies who deliver housing and support services to low-income or vulnerable populations in Toronto.

The proposed sale of TCHC's houses to Wigwamen aligns with Council's ten year affordable housing plan, *Housing Opportunities Toronto* and provides a unique opportunity to invest in the houses and address homelessness in the Aboriginal community in Toronto.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that;

1. City Council consent to the sale by Toronto Community Housing Corporation (TCHC) of 20 houses, as listed in Appendix A, to Wigwamen Incorporated, and consequent adjustment to TCHC service level obligations, in accordance with the City's shareholder direction to TCHC, subject to approval from the Ministry of

Municipal Affairs and Housing and the Canada Mortgage and Housing Corporation; and

2. City Council authorize the General Manager, Shelter, Support and Housing Administration, to amend the TCHC Operating Agreement to adjust funding and service level obligations as a result of the sale and enter into any agreements and ancillary documentation deemed appropriate in connection with the sale and purchase of the houses on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor.

Financial Impact

TCHC intends to sell the 20 houses to Wigwamen at a price that is equivalent to the cost to pay out the remaining balance of the mortgages. The transaction will be between TCHC and Wigwamen. TCHC's Real Estate Asset Investment Strategy had identified these houses to be sold.

TCHC's Board of Directors determined that community based agencies would have the first opportunity to purchase the houses at below market value for the purpose of carrying out affordable and supportive housing objectives. Sale of the houses at below market value could result in TCHC forgoing revenue from market value sales.

Funding for unit repair under the federal Homelessness Partnership Initiative (HPI), Aboriginal Homelessness Strategy has been approved conditional upon Council approval of the sale of the TCHC houses to Wigwamen and Wigwamen taking ownership of the units. Funding to refurbish these properties is included in the 2010 Recommended Operating Budget for Shelter, Support and Housing Administration.

Subject to Council approval of TCHC's sale of the 20 single family houses, the City will negotiate changes to TCHC's Operating Agreement to reduce service level obligations by 20 units. As the Service Manager, the City has an obligation to reallocate the 20 RGI subsidies within the social housing portfolio. The City will provide rent supplements to Wigwamen and other housing providers with no net impact to the City's operating budget.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Equity Impact Statement

The proposed sale of 20 of TCHC's scattered houses to Wigwamen aligns with Council's 10 year affordable housing plan, *Housing Opportunities Toronto*. Wigwamen's purchase will enable solutions to housing issues facing vulnerable persons in a Council designated priority group. Given the urgent need for Aboriginal housing for families, this is a unique opportunity to invest in the houses and address homelessness in the Aboriginal community in Toronto.

DECISION HISTORY

On August 5 and 6, 2009, in its role as Shareholder of TCHC, City Council received TCHC's 2009-11 Community Management Plan. The Plan includes the sale and replacement of 47 of TCHC's 550 single family houses as part of its Real Estate Asset Investment Strategy – *Housing Works*. At that time, TCHC's Board of Directors requested that staff explore the potential sale of the 47 houses to social agencies and consider options for the re-use of the houses for low and moderate income purposes, including partnership opportunities.

<http://www.toronto.ca/legdocs/mmis/2009/ex/reports/2009-06-02-ex33-cr.htm>

One of the agencies from which TCHC solicited interest in the houses was Wigwamen. On January 25, 2010, Wigwamen's Board of Directors adopted a resolution to proceed with the purchase of 20 houses from TCHC.

On March 25, 2010, TCHC's Board of Directors approved the sale of the 20 houses to Wigwamen, subject to City consent, and approved a process by which to sell the other 27 houses.

In order to proceed with the sale of the TCHC houses to Wigwamen, the City as shareholder must give its consent.

ISSUE BACKGROUND

TCHC retains a mix of housing types in its portfolio including single family houses for tenants as they provide a desirable living environment for larger sized families and promote integration into the broader neighbourhood.

TCHC's Real Estate Asset Investment Strategy identified 47 of the houses in the single family portfolio to be sold. TCHC determined that community-based agencies would have the first opportunity to purchase them for the purpose of carrying out their affordable and supportive housing objectives.

This report deals with the proposed sale of 20 single family houses in various locations to Wigwamen, whose Board has expressed interest in purchasing the houses. Wigwamen's mandate is to house urban Aboriginals in affordable, secure housing. Wigwamen is Ontario's oldest and largest urban Aboriginal housing provider, with 209 family housing units located throughout the City of Toronto, a 92-unit apartment building for singles and families in the former Scarborough, and a 102-unit apartment complex for seniors in downtown Toronto. Wigwamen Non-Profit Residential Corp., a related corporation, delivers Canada Mortgage and Housing Corporation (CMHC)'s "Rural and Native Housing Program" in a number of communities across Ontario.

Eighteen of the twenty houses proposed for sale are currently vacant. Sale of the remaining two will not occur while the houses remain occupied. Efforts will be made by TCHC to relocate these remaining two households to suitable units elsewhere in the TCHC portfolio. Alternative approaches may be considered with the consent of all parties.

On March 25, 2010, TCHC's Board of Directors adopted a motion to issue a request for expressions of interest to purchase the remaining 27 houses. Community-based agencies will have the first opportunity to purchase the houses for the purpose of carrying out their affordable and supportive housing objectives. Preference will be given to agencies delivering housing and support services to low-income or vulnerable populations in Toronto, as well as having the financial means to purchase, repair and maintain the housing in good condition for the intended purpose.

COMMENTS

The specific houses which Wigwamen proposes to acquire, renovate, and occupy are listed in Appendix A. The houses will accommodate Aboriginal persons and their family members who are homeless or at risk of homelessness.

The houses are all located within close proximity to other houses currently owned and operated by Wigwamen. Close proximity creates opportunity for greater economy in administration. The houses contain either 3 or 4 bedrooms. Wigwamen's own waiting list currently has 4 times as many qualified Aboriginal households requiring 3 or 4 bedrooms than the 20 houses proposed for acquisition.

The 20 units require repairs and upgrades, with estimated costs ranging from \$30,000 to \$40,000 per unit. As an Aboriginal housing provider with a mandate to provide housing for individuals and families who are homeless or at risk of becoming homeless, Wigwamen is eligible for capital funding under the federal Homelessness Partnership Initiative (HPI), Aboriginal Homelessness Strategy.

In response to a competitive proposal call issued by the City under the HPI Aboriginal Homelessness Strategy, Wigwamen requested HPI funds to pay for the needed renovations. HPI funding has been approved conditional upon Council approval of the sale of the TCHC houses to Wigwamen and Wigwamen taking ownership of the units. Funds approved under the HPI program must be expended by March 31, 2011. Funding conditions also include a requirement that Wigwamen not dispose of the houses within 25 years following the acquisition and, Wigwamen not dispose of the houses without prior written approval of the City within 25 to 50 years of their acquisition. Wigwamen must provide support services to the tenants to help ensure successful tenancies, and Wigwamen will ensure that any households not in receipt of rent geared to income assistance will not have rents in excess of the household's shelter component of Ontario Works or Ontario Disability Support Program benefits.

Wigwamen has agreed to these conditions in writing and understands that the City has no obligation to provide funding for its ongoing operations.

The City's Shareholder Direction to Toronto Community Housing requires shareholder (City) approval to sell real property assets used for the purposes of providing rent-geared-to-income and market housing. Other approvals are required from the Minister of Municipal Affairs and Housing and the City of Toronto as Service Manager under sections 50 and 95 of the *Social Housing Reform Act*, and provincial transfer orders under that Act that transferred federal housing program administration to the City as Service Manager. The General Manager, Shelter, Support and Housing Administration, has Council-delegated authority to provide the Service Manager's consent and to seek the Minister's consent. The consent of Canada Mortgage and Housing Corporation will also be required pursuant to the terms of various mortgages/debentures.

The General Manager, Shelter, Support and Housing Administration, is recommending that authorization be given to amend the TCHC Operating Agreement with respect to funding commitments and geared-to-income service level obligations as a result of the sale and authority be given to enter into any other agreements and ancillary documentation deemed appropriate in connection with the sale and purchase of the houses on terms and conditions satisfactory to the General Manager and in form satisfactory to the City Solicitor.

Should the TCHC Board find proponents willing to assume ownership of the other 27 houses and approve of the arrangements, the General Manager, Shelter, Support and Housing Administration, will make recommendations to Council in a future report.

CONTACT

Phillip Abrahams
Director, Social Housing
Tel: 416-392-0054
E-mail: pabraham@toronto.ca

SIGNATURE

Phil Brown
General Manager
Shelter, Support and Housing Administration

ATTACHMENT

Appendix A – Houses Proposed for Sale from TCHC to Wigwamen Incorporated

Appendix A

Houses Proposed for Sale from TCHC to Wigwamen Incorporated

Ward 21

304 Arlington Avenue

Ward 29

239 Milverton Boulevard

Ward 30

147 Boulton Avenue

96 Coady Avenue

58 Dingwall Avenue

85 Simpson Avenue

429 Pape Avenue

101 Redwood Avenue

Ward 32

126 Bastedo Avenue

41 Devon Road

318 Gainsborough

12 Wildwood Crescent

31 Aldridge

15 Bellhaven Road

131(A) Golfview Avenue

114 Kingsmount Park Road

75 Knox Avenue

114 Malvern Avenue

109 Merrill Avenue

67 Maughan Crescent