



**STAFF REPORT
ACTION REQUIRED**

**Sale of Five Toronto Community Housing Corporation
Single-Family Houses**

Date:	August 6, 2010
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	32, 36
Reference Number:	

SUMMARY

The purpose of this report is to request Council to consent to the sale by Toronto Community Housing Corporation (TCHC) of five single family houses, in accordance with the City’s Shareholder Direction.

TCHC’s Housing Works Strategy identified 47 houses in the single family portfolio to be sold. In May 2010, Council consented to the sale by TCHC of 20 of these single family homes to Wigwamen Inc. TCHC initiated a process to solicit expressions of interest in the remaining 27 single family homes from community agencies that deliver housing and support services to low-income or vulnerable populations in Toronto. Discussions are underway between TCHC and community social agencies that have expressed an interest in acquiring 22 of the properties. This report deals with the proposed sale on the open market of the remaining five houses, as described in Appendix A, that no agency has expressed interest in acquiring.

RECOMMENDATIONS

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

1. City Council approve the sale by Toronto Community Housing Corporation (TCHC) of each of the five houses, as listed in Appendix A, on the open market through the multiple listing service, in its capacity as Shareholder, pursuant to section 6.3.1(b) of the Shareholder Direction, on condition that:

- a. TCHC invests the proceeds of the sale net of reasonable transaction costs, in the renovation of existing social housing units or the creation of new units, consistent with its Housing Works Strategy as outlined in the Community Management Plan 2010-2012;

and subject to:

- b. approval from the Ministry of Municipal Affairs and Housing and 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 of the houses on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor.

Financial Impact

Using the 2008 assessed value of the properties, TCHC estimates that the aggregate market value of the five houses proposed to be sold is \$3.214 million. All five of the houses are Public Housing units financed through a debenture and not a mortgage loan and therefore there will be no mortgage payout expense. TCHC anticipates that the houses will be prepared for sale with modest expenditures for minor repairs and minor landscaping. Transaction costs for real estate agency and legal services will be incurred.

Subject to Council approval of TCHC's sale of the five single family houses, the City will negotiate changes to TCHC's Operating Agreement to reduce service level obligations by five units. As the Service Manager, the City has an obligation to reallocate the five rent-geared-to-income (RGI) subsidies to maintain service levels. The City will achieve this obligation through the creation of five rent supplement units with no net impact to the City's operating budget.

The City will reduce TCHC's Residual Operating Subsidy by the amount of the average RGI per unit sold. The City funds the property taxes on Public Housing owned by TCHC; the sale of these five units will reduce the funding stream from the City by the amount of the property taxes.

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

Equity Impact

TCHC's effort to retain as many of the single family homes as possible in community use and its commitment to use net proceeds from the sale at fair market value of the five houses to invest in the renovation of existing social housing units or the creation of new

units will serve equity-seeking groups, such as women, seniors, people with disabilities, individuals with mental health issues, the working poor, and other vulnerable groups.

DECISION HISTORY

Council's ten year affordable housing plan, *Housing Opportunities Toronto*, approved by Council at its meeting of August 5 and 6, 2009, identifies as a key City action 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>

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 staff to explore the potential sales to social agencies of some or all of the assets.

<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 Inc. At its meeting of May 11 and 12, 2010, Council consented to the sale by TCHC of 20 houses to Wigwamen Inc.:

<http://www.toronto.ca/legdocs/mmis/2010/cd/reports/2010-04-23-cd32-cr.htm#CD32.2>

At that meeting Council also adopted the recommendation that, prior to the disposal of any further units the TCHC:

- a. continue to pursue options for partnerships to ensure that 3, 4 and 5 bedroom homes continue to be part of a social housing portfolio in the City of Toronto; and
- b. report to the Community Development and Recreation Committee on opportunities, or lack thereof, prior to recommendations to Council for the disposition of units.

On August 6, 2010, TCHC Board of Directors approved the sale of the five houses, subject to City 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 Housing Works 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.

In May 2010, City Council approved the sale of 20 of the 47 houses to Wigwamen Inc. Wigwamen Inc. will provide supportive housing to aboriginal families and in so doing will help address homelessness in the Aboriginal community in Toronto.

TCHC has initiated a process for soliciting interest in the remaining 27 houses from social housing providers and community agencies that deliver housing to low-income or vulnerable populations within the City of Toronto. To this end, TCHC issued a Request for Expression of Interest (REOI) to over 400 agencies and housing providers (including Wigwamen Inc.) at the end of May 2010. Through the REOI process, TCHC has made efforts to preserve the existing housing stock for larger families.

TCHC received expressions of interest by community agencies in 22 of the 27 properties. TCHC is reviewing proposals for use of the properties and will report to the City as shareholder when these discussions are finalized. This report deals solely with the five properties that no social agency or housing provider expressed an interest in acquiring.

COMMENTS

TCHC has given reasonable consideration to its various options for the sale of the five houses. All of the properties are vacant. TCHC will invest the proceeds of the sale net of reasonable transaction costs, in the renovation of existing social housing units or the creation of new units. It is recommended that the City of Toronto, in its capacity as Shareholder, support the sale and grant the approvals sought by TCHC under the Shareholder Direction.

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. Approval is also required from the Minister of Municipal Affairs and Housing under section 50 of the *Social Housing Reform Act*. The General Manager, Shelter, Support and Housing Administration, has Council-delegated authority to seek the Minister's consent. The consent of Canada Mortgage and Housing Corporation will also be required pursuant to the terms of the debentures encumbering the title to the Properties.

The City will ensure that the required RGI service levels are maintained through the creation of five rent supplement units.

The General Manager, Shelter, Support and Housing Administration, will make recommendations to Council in a future report regarding the disposition of the remaining 22 single-family houses following negotiations between TCHC and the community agencies that have expressed interest in acquiring one or more of the houses.

CONTACT

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SIGNATURE

Phil Brown
General Manager
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ATTACHMENT

Appendix A – Five Properties Proposed for Sale by TCHC

Appendix A

Five Properties Proposed for Sale by TCHC

Ward	Property	Bedrooms	Description	Assessed Value (as of January 2008)
32	5 Scarborough Rd.	6	2 Storey Detached Single Family House	\$971,000
32	77 Leuty Ave.	5	3 Storey Semi-Detached Single Family House	\$642,000
32	44 Maclean Ave.	3	2 Storey Semi-Detached Single Family House	\$552,000
32	140 Waverley Rd.	5	4 Storey Detached Single Family House	\$654,000
36	2575 Kingston Rd.	3	2 Storey Detached Single Family House	\$395,000