



**STAFF REPORT
ACTION REQUIRED**

Sale of 22 Toronto Community Housing Corporation Houses

Date:	May 9, 2011
To:	Executive Committee
From:	City Manager and General Manager, Shelter, Support and Housing Administration
Wards:	14, 19, 21, 22, 28, 29, 30, 32
Reference Number:	

SUMMARY

The purpose of this report is to request Council to consent to the sale by Toronto Community Housing Corporation (TCHC) of 22 houses, in accordance with the City’s Shareholder Direction and subject to obtaining required consents from the provincial government and Canada Mortgage and Housing Corporation. The 22 houses contain 29 single family units, ten of which are subsidized with households paying rent-gear-to-income (RGI) as opposed to market rent. To maintain service levels standards, and to accommodate similar sized families, it is recommended that TCHC reallocate ten RGI units to units within their existing portfolio or to newly created units.

It is recommended that the General Manager, Shelter, Support and Housing Administration be authorized to amend the TCHC Operating Agreement as necessary 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 the form satisfactory to the City Solicitor.

RECOMMENDATIONS

The City Manager and the General Manager, Shelter, Support and Housing Administration recommend that:

1. City Council approve the sale by Toronto Community Housing Corporation (TCHC) of each of the 22 houses, as listed in Appendix A and B, 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 honour all documented commitments made to tenants residing in the 22 houses that have not expired;
- b. TCHC invest the proceeds of the sale, net of reasonable transaction costs, in the renovation of existing social housing units, consistent with its Housing Works Strategy as outlined in the Community Management Plan 2010-2012; and
- c. to maintain service levels standards, and to accommodate similar sized families TCHC reallocate ten rent-geared-to-income (RGI) units to units within their existing housing portfolio or to newly created units;
- d. the reallocation of the RGI units in 1.c. be funded from within TCHC's existing operating subsidy;

and subject to:

- e. TCHC and the proposed purchasers obtaining the various necessary legislative, municipal and other consents (including consent of the Minister of Municipal Affairs and Housing, mortgagees, and the Committee of Adjustment, if necessary); and
 - f. approval from Canada Mortgage and Housing Corporation.
2. With respect to the sale of seven of the 22 houses, identified in Appendix B, which are owned by the City and leased to TCHC:
 - a. TCHC administer the sale of those houses on behalf of the City in compliance with the requirements of Chapter 213 of the City of Toronto Municipal Code;
 - b. TCHC accept the net proceeds of sale in accordance with prior Council authority; and
 - c. that appropriate City officials be authorized and directed to take the necessary actions to give effect to the forgoing and to accept offers of purchase received by TCHC.
 3. City Council authorize the General Manager, Shelter, Support and Housing Administration to amend the TCHC Operating Agreement as necessary as a result of the sale of the houses 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

In January 2008 the total assessed value of the 22 properties was \$14.898 million. Toronto Community Housing Corporation (TCHC) estimates that the current aggregate market value of the 22 houses proposed to be sold is \$16.771 million. Seven of the houses are financed through a mortgage loan and TCHC will be subject to an aggregate mortgage payout expense estimated to be \$251,787 based upon the balances set forth in Appendix B as of December 31, 2010. TCHC anticipates that the houses will be prepared for sale with modest expenditures for minor repairs and landscaping. Transaction costs for real estate agency and legal and related services will be incurred.

Pursuant to the 1999 Canada-Ontario agreement on social housing, TCHC may be required to share a portion of the proceeds from the sale of some of the houses with the Canada Mortgage and Housing Corporation (CMHC), which in turn may reduce the net proceeds received by TCHC. The impact, if any, related to the above is subject to the outcome of discussions with the Ministry of Municipal Affairs and Housing and CMHC.

The 22 houses contain 29 single family units. Ten of the 29 units are rent-geared-to-income (RGI) units. As Service Manager, the City has an obligation to ensure these ten RGI units are replaced in order to maintain service levels. The City will achieve this through the requirement that TCHC reallocate ten RGI units with existing operating funding to units within its housing portfolio that will accommodate similar sized families. All net proceeds from the proposed sale of 22 houses will be re-invested in the renovation of existing social housing. There will be 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

TCHC's commitment to use net proceeds from the sale at fair market value of the 22 houses to invest in the renovation of existing social housing units may 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

Seven of the 22 houses are owned by the City of Toronto and leased to TCHC (2, 4, and 6 Wineva Avenue, and 3, 5, 7, and 9 Hubbard Blvd). By adoption of Report No. 7 of the Administration Committee, as amended, on November 23-25, 1999, City Council declared the properties surplus and authorized TCHC to sell the seven houses on behalf of the City and retain the net sale proceeds.

<http://www.toronto.ca/legdocs/1999/agendas/council/cc/cc991123/adm7rpt/c1001.pdf>

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>

On August 25, 26 and 27, 2010, in its role as Shareholder of TCHC, City Council consented to the sale by TCHC on the open market of five houses for which no expression of interest had been received by community agencies.

<http://www.toronto.ca/legdocs/mmis/2010/cd/bgrd/backgroundfile-32984.pdf>

On April 6, 2011, TCHC Managing Director approved the sale of the remaining 22 houses, subject to City consent.

http://www.torontohousing.ca/webfm_send/7154/1?#

ISSUE BACKGROUND

TCHC retains a mix of housing types in its portfolio including houses 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 550 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. which will provide supportive housing to aboriginal families and in so doing will help address homelessness in the Aboriginal community in Toronto.

TCHC 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.

Ten community agencies responded to the REOI and together expressed interest in 22 of the 27 houses. In August 2010, City Council approved the sale of the five houses in which no community agency expressed an interest.

The REOI required community agencies to submit the following information to be used by TCHC as criteria to assess the agencies:

- financial capacity and stability necessary for the purchase, repair and maintenance of the houses;
- demonstrated experience to sustain social purpose housing; and
- proposed use and operation of the housing

Of the ten community agencies that responded to the REOI, five provided all of the required information. Five other agencies failed to provide a recent credit rating report and/or audited financial statements and were disqualified from the process.

TCHC assessed the qualifying agencies and concluded that all five agencies possessed the ability to adequately manage the properties. TCHC also concluded that none of the community agencies was prepared to pay market value for the properties.

TCHC staff recommended to the TCHC Managing Director that the 22 houses be sold on the open market and that the required rent-geared-to-income (RGI) units be replaced to satisfy service level obligations. The recommendations were approved by the TCHC Managing Director on April 6, 2011 subject to City of Toronto consent.

COMMENTS

Following its Request for Expression of Interest to over 400 community agencies, TCHC has recommended the sale of 22 houses on the open market. Within a constrained fiscal environment, the sale of these houses will enable TCHC to manage its portfolio more efficiently, continue to meet its service level standards, and invest the revenue from the sale of the 22 houses in the renovation of existing social housing units, consistent with TCHC's Housing Works Strategy. Therefore, 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.

Currently nine of the 22 houses proposed for sale are vacant. Sale of the remaining houses will not occur while the houses remain occupied. TCHC will make efforts to relocate these remaining households to suitable units elsewhere in the TCHC portfolio. TCHC will honour all documented commitments made to tenants. Alternative approaches may be considered with the consent of all parties.

Seven of the 22 houses are owned by the City of Toronto and leased to TCHC. Under prior Council authority, TCHC has been authorized to sell the houses on behalf of the City and to retain the net sale proceeds.

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 (RGI) and market housing. Other approvals are required from the Minister of Municipal Affairs and Housing and the City of Toronto under section 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 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.

As Service Manager, the City will ensure that the required RGI service levels are maintained by requiring TCHC to reallocate ten RGI units to units within their housing portfolio that will accommodate similar sized families and to do so with existing operating funding.

It is recommended that the General Manager, Shelter, Support and Housing Administration be authorized to amend the TCHC Operating Agreement as necessary 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 the form satisfactory to the City Solicitor.

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SIGNATURE

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ATTACHMENTS

Appendix A – Property Profile: 22 Houses Proposed for Sale by TCHC

Appendix B – Financial Profile: 22 Houses Proposed for Sale by TCHC

Appendix A

Property Profile: 22 Houses Proposed for Sale by TCHC

Ward	Property	Bedrooms	Description	Housing Program / UnitType
14	161 Indian Grove	3	2 Storey Semi-Detached Single Family House	Public Housing RGI
19	227 Crawford St.	5	2.5 Storey Detached Single Family House	Non-Program Market Rent
19	229 Crawford St.	8	2.5 Storey Detached Single Family House	Non-Program Market Rent
19	237 Crawford St.	8	2.5 Storey Semi-Detached Single Family House	Non-Program Market Rent
19	761 Crawford St.	3	2.5 Storey Semi Detached Single Family House	Non-Program Market Rent
19	789 Crawford St.	3	2.5 Storey Semi-Detached Single Family House	Non-Program Market Rent (Vacant)
21	96 Marchmount Rd.	5	3 Storey Semi-Detached Single Family House	Public Housing Market Rent
22	406 Davisville Ave.	3	2 Storey Semi-Detached Single Family House	Public Housing Market Rent (Vacant)
28	19 Geneva Ave.	3	2 Storey Semi-Detached Single Family House	Rent Supplement Program RGI
28	13 Trefann St.	3	2 Storey Single Family Row House	Rent Supplement Program RGI (Vacant)
29	6 Ellerbeck St.	3	2 Storey Semi-Detached Single Family House	Rent Supplement Program RGI
29	8 Ellerbeck St.	3	2 Storey Semi-Detached Single Family House	Rent Supplement Program RGI
29	10 Ellerbeck St.	3	2 Storey Semi-Detached Single Family House	Rent Supplement Program RGI
29	15 Milverton Blvd.	3	2 Storey Single Family Row House	Rent Supplement Program RGI (Vacant)
30	185 Logan Ave.	4	2 Storey Semi-Detached Single Family House	Rent Supplement Program RGI (Vacant)
32	3 Hubbard Blvd.	4	2 Storey Semi-Detached Duplex	Non-Program Market Rent
32	5 Hubbard Blvd.	4	2 Storey Semi-Detached Duplex	Non-Program Market Rent (Vacant)
32	7 Hubbard Blvd.	4	2 Storey Semi-Detached Duplex	Non-Program Market Rent (Vacant)
32	9 Hubbard Blvd.	4	2 Storey Semi-Detached Duplex	Non-Program Market Rent
32	2 Wineva Ave.	4	2 Storey Semi-Detached Duplex	Non-Program Market Rent
32	4 Wineva Ave.	4	2 Storey Semi-Detached Duplex	Non-Program Market Rent (Vacant)
32	6 Wineva Ave.	4	2 Storey Semi-Detached Duplex	Non-Program Market Rent (Vacant)

Appendix B

Financial Profile: 22 Houses Proposed for Sale by TCHC

Ward	Property	Bedrooms	Mortgage Balance (as of Dec. 2010)	Assessed Value (as of Jan. 2008)
14	161 Indian Grove	3	n/a (Debenture)	\$399,000
19	227 Crawford St.	5	\$0	\$800,000
19	229 Crawford St.	8	\$0	\$800,000
19	237 Crawford St.	8	\$0	\$800,000
19	761 Crawford St.	3	\$0	\$419,000
19	789 Crawford St.	3	\$0	\$450,000
21	96 Marchmount Rd.	5	n/a (Debenture)	\$447,000
22	406 Davisville Ave.	3	n/a (Debenture)	\$461,000
28	19 Geneva Ave.	3	\$33,420	\$598,000
28	13 Trefann St.	3	\$33,003	\$368,000
29	6 Ellerbeck St.	3	\$126,271 (covers all three properties)	\$775,000
29	8 Ellerbeck St.	3		\$698,000
29	10 Ellerbeck St.	3		\$628,000
29	15 Milverton Blvd.	3	\$26,331	\$391,000
30	185 Logan Ave.	4	\$32,762	\$431,000
32	3 Hubbard Blvd.	4	n/a (City of Toronto lease)	\$970,000
32	5 Hubbard Blvd.	4	n/a (City of Toronto lease)	\$958,000
32	7 Hubbard Blvd.	4	n/a (City of Toronto lease)	\$963,000
32	9 Hubbard Blvd.	4	n/a (City of Toronto lease)	\$953,000
32	2 Wineva Ave.	4	n/a (City of Toronto lease)	\$863,000
32	4 Wineva Ave.	4	n/a (City of Toronto lease)	\$863,000
32	6 Wineva Ave.	4	n/a (City of Toronto lease)	\$863,000
TOTAL			\$251,787	\$14,898,000