

Securing Funding to Repair Toronto Community Housing's Multi-Residential Portfolio: Sale of Toronto Community Housing Stand-Alone Units

Date:	January 10, 2012
To:	Executive Committee
From:	City Manager and General Manager, Shelter, Support and Housing Administration
Wards:	1, 5, 6, 7, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 25, 28, 29,30, 31, 32, 34, 35, 36, 37, 38, 42, 43 (Total 29 Wards)
Reference Number:	

SUMMARY

Over the past several years, Council has been made aware of the significant and growing repair needs in the City's social housing portfolio and, in particular, the backlog of needed repairs in the Toronto Community Housing (TCH) stock of social housing. In response, Council has requested on numerous occasions that the provincial government upload the full costs of social housing and that the federal and provincial governments provide ongoing, sustainable funding for social housing repairs. The costs of social housing have not been uploaded and at the present time, there is no ongoing, sustainable program for repairs. As a result, the funding challenge in Toronto's social housing continues to deepen. This report, therefore, recommends the sale of stand-alone dwellings to generate revenue to help fund repairs of the multi-unit buildings in TCH's portfolio.

TCH's proposal to sell stand-alone properties is part of its strategy to address state of good repair needs in its entire portfolio. The TCH Board has resolved that, as a condition of approval of sale, proceeds from the sales will be dedicated to a "State of Good Repair" fund for capital repairs to TCH's multi-residential stock.

In reviewing TCH's proposal and the impact on tenants, communities and TCH's financial situation, consideration has been given to the City's roles and responsibilities as sole shareholder of TCH and consolidated service manager under the *Housing Services Act, 2011* (HSA), as well as Council positions on affordable housing including the *Housing Opportunities Toronto* ten year plan, Official Plan housing policy and rental housing protection and heritage preservation requirements.

To date Council has approved TCH's requests for consent to the sale of 47 stand alone properties – 20 at below market value to another social housing provider and 27 on the open market. TCH is now seeking approval to sell another 872 stand-alone properties. These properties contain 1,534 housing units.

Included in the 872 stand-alone properties TCH is requesting approval to sell are 168 properties that have yet to be approved by the TCH Board. Staff are recommending that Council not consider their sale and refer consideration of the possible sale of these properties back to TCH for further analysis.

The 704 properties approved for sale by TCH's Board of Directors include 11 properties which have previously been approved for sale by both TCH and Council. These properties do not need to be considered by Council again.

Also included in the 704 properties approved for sale by TCH's Board of Directors are 18 supportive housing properties. Through referral and head lease agreement with TCH, supportive housing agencies are able to provide special needs clients support and affordable housing in a communal setting. Staff recommend that these properties (with 81 units in total) not be approved for sale at this time and that TCH proceed with further analysis and consultation with these supportive housing agencies and their clients.

Therefore, this report recommends that Council approve the sale of 675 TCH houses containing 740 units, as listed in Appendix A, subject to a set of conditions aimed at supporting tenants and satisfying statutory and regulatory requirements. The following chart summarizes the disposition of the properties:

Total Stand-Alone Properties TCH Requested Council Approval to Sell	872
Properties Not Approved for Sale by TCH Board at this Time: Part of larger developments (82) Purpose-Built (65) Rooming Houses (21)	168
Remaining Properties for Consideration (Approved for sale by TCH Board)	704
Properties already approved for sale by Council in previous reports	11
Remaining Properties for Consideration	693
Properties under legal agreements with supportive housing agencies not recommended by staff for sale	18
Total Properties Recommended for Sale in This Report	675

Based on TCH estimates, these 675 properties have a combined market value of at least \$222 million that can be put towards the approximately \$650 million needed for capital repairs. It is understood that TCH intends to take a phased approach over a number of

years to the sale of these 675 properties and develop a business case for the sale of each property. TCH will not evict tenants or withdraw rent-geared-to-income (RGI) subsidy to qualified residents as a result of Council's approval of the sales and will make reasonable efforts to relocate households to suitable alternative accommodation.

Should Council approve the sale of the 675 TCH properties, 644 of them will still need the consent of the Minister of Municipal Affairs and Housing and/or Canada Mortgage and Housing Corporation (CMHC).

Consideration by Council of the sale of any other TCH stand-alone properties may be given at a later date after TCH has concluded its analysis of the feasibility and benefits of such sales.

RECOMMENDATIONS

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

1. City Council, in its capacity as Shareholder, approve pursuant to section 6.3.1(b) of the Shareholder Direction, the sale by Toronto Community Housing Corporation (TCH) of the 675 properties containing 740 units, listed in Appendix A, on condition that:
 - a. prior to the sale of any properties, TCH provide a plan, satisfactory to the General Manager, Shelter, Support and Housing Administration, and the Deputy City Manager and Chief Financial Officer, for the administration and use of the proceeds of any sales of stand-alone units, net of reasonable transaction costs, in the state of good repair of existing social housing units, consistent with its Real Estate Investment Strategy – *Housing Works*;
 - b. prior to the sale of any properties, TCH provide a plan, satisfactory to the General Manager, Shelter, Support & Housing Administration, for maintaining TCH's mandated service level standards, which includes the replacement of 664 rent-geared-to-income (RGI) units and rent supplement units within the existing TCH portfolio with units that will accommodate similar sized households;
 - c. the reallocation of the RGI and rent supplement units in 1.b. be funded from within TCH's existing operating subsidy;
 - d. prior to the sale of any occupied properties, TCH provide a Tenant Relocation and Assistance Implementation Plan, satisfactory to the General Manager, Shelter, Support and Housing Administration, such plan to include at least the following:

- i. the process for consultation and communication with tenants;
- ii. options and process for selection of units for relocation;
- iii. notice periods;
- iv. assistance with moving;
- v. accommodation of special needs including unit accessibility; and
- vi. access to community services;

and subject to:

- e. TCH and/or the prospective purchasers obtaining the various necessary planning approvals and legislative, municipal and corporate consents (including consent of mortgagors, if necessary); and
 - f. approval from the Ministry of Municipal Affairs and Housing and/or Canada Mortgage and Housing Corporation if necessary;
2. City Council not consider the sale of the 18 TCH houses listed in Appendix C, that are under legal agreements with supportive housing agencies and refer consideration of the possible sale of these properties back to TCH for further analysis and consultation with the agencies and their clients;
 3. City Council not consider the sale of the 168 properties listed in Appendix D and refer consideration of the possible sale of these properties back to TCH for further analysis to determine the feasibility or benefit of selling these properties;
 4. City Council authorize the General Manager, Shelter, Support and Housing Administration to amend the TCH Operating Agreement as necessary as a result of the sale of properties pursuant to the adoption of recommendations in this report and to execute such other agreements, notices, consents and ancillary documentation deemed appropriate in connection with the sale of the properties on terms and conditions satisfactory to the General Manager, Shelter, Support and Housing Administration and in a form satisfactory to the City Solicitor;
 5. City Council direct TCH to report annually, through TCH's *Annual Report* to Council, on the status of the sale of the properties and on any tenant and community impacts resulting from the sales;
 6. City Council require that as a condition of the agreement of purchase and sale for the property at 201 Crawford Street (Ward 19) and for the properties designated under Part V of the *Ontario Heritage Act* (OHA), the Purchasers shall be required to enter into Heritage Easement Agreements with the City under Section 37 of the OHA to the satisfaction of the Manager, Heritage Preservation Services; and
 7. consistent with Council's 10 year affordable housing plan, *Housing Opportunities Toronto*, Council reiterate, in the strongest terms possible, its urgent request to the

federal and provincial governments to provide ongoing and sustainable funding to ensure the social housing stock achieves and maintains a state of good repair.

Implementation Points

TCH has grouped the properties that TCH's Board of Directors approved for sale into the following three categories:

- **Single Houses**, which generally stand alone, are more costly to maintain, look like any other house in the city, stand apart from TCH's multi-unit buildings and were purchased through a government housing program. Staff recommend the sale of 633 properties in this category.

All 633 of the Single Houses require Ministerial consent and/or CMHC approval. Seven Single Houses are affected by the *Ontario Heritage Act*. Fifty six properties are vacant.

- **Property Houses**, which are more costly to maintain and are similar to the Single Houses except that they were purchased by the former City of Toronto for non-housing purposes and then transferred to the former Cityhome. Staff are recommending the sale of 31 properties in this category.

Six of 31 Property Houses are subject to the City's Rental Housing Protection By-law and 2 have conditions under the *Ontario Heritage Act*. Therefore of the 31 Property Houses, the remaining 23 properties do not have conditions for sale. One of these houses is vacant and could potentially be put on the market soon after Council approval. The remaining 22 houses are occupied.

- **Single Housing Opportunity Program (SHOP) Houses**, which are more costly to maintain, generally stand alone, are similar to the single houses, but were owned by the former Cityhome and head-leased to agencies that used them as group homes with support services provided by the agencies. Some of these properties are still under head-lease arrangements today. Only SHOP houses that are not managed by supportive housing agencies are being recommended for sale. Staff are recommending the sale of 11 properties in this category.

All 11 of these properties require Ministerial consent for sale. Two of these properties are vacant.

Financial Impact

The recommendations in this report will have no immediate impact on the City's operating or capital budget, as the properties recommended for sale are owned by TCH. Adjustments to the subsidy to TCH resulting from the sale of these properties will be included in future years' operating budgets, as may be required.

Based on MPAC's 2008 data, the aggregate assessed value of the 675 properties recommended for sale is just over \$222 million. TCH anticipates that the houses will be prepared for sale with modest expenditures for minor repairs and landscaping. Transaction costs for real estate, legal and related services will be incurred, with details of these costs to be reported out annually. TCH's board of directors has resolved that it will use the net proceeds from sales of the stand alone units to establish a "State of Good Repair Fund". The principal of the fund and interest earned would be used to create an annual income stream to help TCH address its capital repair backlog. Prior to the sale of any properties, TCH must provide a plan, satisfactory to the General Manager, Shelter, Support and Housing Administration and the Deputy City Manager and Chief Financial Officer, for the administration and use of any sales proceeds.

If Council adopts recommendation 1. c., TCH will be required to absorb the cost of replacing RGI and rent supplement units within its existing subsidy from the City.

Two hundred and forty nine (249) of the properties are financed through a mortgage loan and TCH will be subject to an aggregate mortgage payout expense estimated to be \$9.74 million based upon the balances, as of December 31, 2010, which are set out in Appendix A. The amount of the mortgage payout will affect TCH's net proceeds from the sales. Pursuant to the 1999 Canada-Ontario agreement on social housing, Canada Mortgage and Housing Corporation (CMHC) approval is also needed to release 393 properties from the security under debentures. The impact, if any, is subject to the outcome of discussions with the Ministry of Municipal Affairs and Housing and CMHC.

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

Equity Impact

TCH's commitment to use net proceeds from the sales to invest in the state of good repair of existing multi-residential social housing units will serve equity-seeking groups who live in that housing, such as women, seniors, people with disabilities, individuals with mental health issues, the working poor, and other vulnerable groups. At the same time, the sale of the stand-alone units will also decrease the range of affordable rental housing options, particularly the number of units with 2 or more bedrooms and grade-related units, for these same equity-seeking groups. The proposed sale will be disruptive to affected low-income individuals and families. Special attention will need to be paid to the needs of tenants who will require modified units and/or continued access to community services.

DECISION HISTORY

Staff have outlined the need for additional capital repair funding for social housing in many reports to City Council since the transfer of social housing from the Province to the City in 2001. In November 2007, Council approved a three part strategy for renewing Toronto's social housing in the report *Tied In Knots: Unlocking the Potential of Social*

Housing Communities.

<http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-8980.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 TCH, City Council received TCH's 2009-11 Community Management Plan. The Plan included the sale and replacement of 47 of TCH's single family houses as part of its Real Estate Asset Investment Strategy – *Housing Works*.

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

At its meeting of May 11 and 12, 2010, Council consented to the sale by TCH 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 25-27, 2010, Council consented to the sale by TCH of 5 houses on the open market:<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.CD35.7>

At its meeting on June 14 and 15, 2011, Council consented to the sale of 22 TCH properties on the open market:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX6.5>

On October 21, 2011, TCH Board of Directors approved the sale of the portion of the portfolio identified as Single Houses, Property Houses and Single Housing Opportunity Program (SHOP) Houses, subject to City consent:

http://www.torontohousing.ca/webfm_send/7677/1?#.

ISSUE BACKGROUND

Currently TCH reports a capital repair backlog of approximately \$650 million and the backlog continues to increase every year as the portfolio ages. TCH also reports that inability to keep up with capital repair investments could result in the withdrawal of housing units from service due to failure to meet an appropriate standard for occupancy.

During the past several years Council as well as the federal and provincial governments have recognised TCH's capital repair needs and, since 2008, have made a number of funding decisions to assist TCH to address the backlog:

- In 2008 the City received \$36.5 million from the province for social housing repair and allocated \$34 million of the total to TCH to address immediate capital repair needs.

- In 2008 Council allocated the \$75 million net dividend to the City from the sale of Toronto Hydro Telecom Inc. to TCH to invest in the capital repair backlog.
- In 2009 and 2010 Council allocated \$150 million of the City's share of the federal/provincial Social Housing Renovation and Retrofit Program (SHRRP) funding to TCH to address health and safety, energy efficiency and accessibility priorities in project ready capital repair projects in its portfolio.
- Most recently, in October 2011 Council decided to exempt TCH properties from municipal and education property taxes under the Municipal Capital Facilities By-law to enable TCH to redirect the estimated \$10.4 million in annual school property tax savings towards capital repairs to keep its housing stock in a state of good repair.

Despite these recent funding initiatives to assist with capital investment, without additional funds TCH estimates that the \$650 million backlog will continue to grow by \$100 million annually due to the age and current condition of the housing stock.

COMMENTS

Over the last number of years, Council has been advised on several occasions of the growing repair needs in the social housing portfolio, and, in particular, the backlog of needed repairs in the TCH stock of social housing. In response, Council has repeatedly asked the federal and provincial governments to upload the full costs of social housing and to fund an ongoing sustainable social housing repair program. There have been some welcome investments from the provincial and federal governments in response to Council's requests, as noted above, but they have been short-term in nature, the recent Canada-Ontario Social Housing Renovation and Retrofit Program being a good example of a two year program, which provided Toronto with over \$250 million from 2009 to 2011.

The costs of social housing have not been uploaded and there is no ongoing, sustainable program for social housing repairs.

Adding to this financial pressure, federal funding for social housing is scheduled to decline from \$161.3 M in 2012 to 0 in 2031. This will put increasing pressure on the City tax base, as the City is required by provincial legislation to maintain the existing service level standard despite the complete withdrawal of the federal government from the funding of the existing social housing stock. Figures will be released by the province at the end of March 2012 which will confirm the extent of this decline over the next five years.

These trends have resulted in the City now being the majority government funder of social housing at 43 per cent, the federal government at 30 per cent, the province at 22 per cent and GTA pooling at 5 percent.

In response to the growing repair need and limited funding from other orders of government, the City took the unprecedented move in 2008 of directing the \$75 million net dividend from the sale of Toronto Hydro Telecom Inc. for repairs of the TCH social housing portfolio. Now the City is again faced with the challenge of insufficient revenue to fund much needed repairs. This report, therefore, proposes another major action: the sale of a large number of stand-alone dwellings in the TCH portfolio to generate revenue to help fund desperately needed repairs to improve the quality of life for those living in TCH's multi-unit buildings. These recommendations are made with the knowledge that there will be community impacts and impacts on current residents. Every effort will be made to mitigate these impacts but without sources of funding from other orders of government, TCH and the City are left with little choice.

This report provides information and details concerning:

- the stand-alone properties proposed for sale;
- regulatory requirements and contractual obligations;
- support for affected tenants;
- community impacts; and
- the need for ongoing federal and provincial funding.

Stand-Alone Properties Proposed for Sale

TCH owns 2,240 buildings, representing approximately 58,500 rental units providing accommodation to over 164,000 tenants. A total of 1,534 units are in 872 stand-alone properties. TCH reports that the stand-alone properties are comparatively more challenging and expensive to operate and keep in good repair and require more staff attention per unit overall than the multi-unit buildings.

In 2008, TCH adopted a Real Estate Asset Investment Strategy – *Housing Works* – that contemplated the sale of stand-alone properties at market value and investment of the proceeds in the upkeep of the remaining stock of multi-residential buildings. To date Council has approved TCH's requests for consent to the sale of 47 stand alone properties – 20 at below market value to another social housing provider and 27 on the open market. TCH is now seeking Shareholder approval to sell another 872 stand alone properties. These properties contain 1,534 housing units. TCH's Board of Directors has approved the sale of 704 of these properties.

TCH has grouped the 704 properties that its Board of Directors approved for sale into the following three categories:

- ***Single Houses***, which generally stand alone, are more costly to maintain, look like any other house in the city, stand apart from TCH's multi-unit buildings and were purchased through a government housing program. There are 648 properties in this category.

- **Property Houses**, which are more costly to maintain and are similar to the single houses except that they were purchased by the former City of Toronto for non-housing purposes and then transferred to the former Cityhome. There are 35 properties in this category.
- **Single Housing Opportunity Program (SHOP) Houses**, which are more costly to maintain, generally stand alone, are similar to the single houses, but were owned by the former Cityhome and head-leased to agencies that used them as group homes with support services provided by the agencies. Some of these properties are still under head-lease arrangements today. There are 21 properties in this category.

Eighteen of the 704 properties (81 shared living units) included in the single houses, property houses, and SHOP houses property categories are under a head lease or referral agreement with an agency serving a vulnerable population including newly arrived refugees, individuals with mental health and physical health challenges and developmentally delayed adults. In some cases these agencies have made a significant capital investment in order to serve the needs of their clients. In other instances, the agency’s support service funding will be in jeopardy unless the same number of tenants can be assisted at a new location with similar operating cost. These supportive housing units are an important part of the continuum of housing choices in the City. The following table provides more detail on supportive housing units and agency mandates.

Table 1: Agencies providing Supportive Housing Services in TCH Properties Proposed for Sale

Name of Agency	Mandate/Client Type	Number of Properties (and Property Category)	Number of Units	Number of Clients
Homes First	Stable housing and support services to break cycle of homelessness	3 (3 SHOP)	35	35
Madison Community Services	Case management and supportive housing	2 (2 Property)	2 (shared living/ head lease)	10
Matthew House	Provides shelter and support to newly arrived refugees	1 (1 Property)	1 (shared living/ head lease)	12
Our Homes	Recovery program and housing for men	1 (1 SHOP)	5	5
Scarborough Alternative Living	Housing and support for developmentally delayed adults	1 (1 SHOP)	5	5
Society of St. Vincent de Paul	Recovery program and housing (6 to 8 month program)	10 (5 SHOP 4 Single 1 Property)	33 (includes shared living/ head lease)	50
Total		18 (10 SHOP 4 Property 4 Single)	81	117

It is recommended that Council not consent to the sale of these 18 properties, as listed in Appendix C, at this time and that Council refer them back to TCH for further analysis and consultation with the supportive housing agencies and their clients.

In addition to the 704 properties the TCH Board approved for sale, there are an additional 168 stand-alone buildings in the following three categories:

- ***Purpose-built Units*** are groups of houses and are not isolated houses like the single houses. There are 65 properties in this category.
- ***Units that are part of larger developments*** often have several units in one building. There are 83 properties in this category.
- ***Rooming Houses***, which are stand-alone or in groups of two or three, often have several units in one building. There are 20 properties in this category.

Properties in the latter three categories contain over 700 units within the 168 properties. TCH staff did not recommend the sale of these properties to the Board of Directors. The report to the TCH Board of Directors noted that TCH must undertake "a further review of the benefit and feasibility of selling these categories of assets given existing planning constraints and social impacts." The report stated that, "in the case of the rooming houses, for example, the form of accommodation being provided for these tenants may be the most appropriate accommodation available in the city."

The 704 properties approved for sale by TCH's Board of Directors include 11 properties, which have previously been approved for sale by both TCH and Council. These properties do not need to be considered by Council again.

Given TCH's uncertainty about its intentions regarding the status of purpose-built units, units that are part of larger developments and rooming houses, this report recommends that at this time Council give consideration to the sale of 675 single houses, property houses, and SHOP houses, as listed in Appendix A, and subject to a set of conditions aimed at addressing tenant impacts and satisfying statutory and regulatory requirements.

A separate report on the sale of TCH stand-alone properties not included in Appendix A may be brought forward for Council's consideration at a later date after TCH has concluded its analysis of the feasibility and benefits of such sales.

Profile of the Stand-alone Units Recommended for Sale

The 675 properties contain 740 rental housing units, of which 664 have RGI or rent supplement subsidies. More than 88 percent of the units are currently occupied.

Table 2: Stand-alone Units by Unit Category and Issues - Single Houses, Property Houses and SHOP Houses

Unit Category	# of RGI Units	# of Market Units	Total Units	# of Vacant Units	# of Units Requiring Ministerial Consent	# of Units Affected by Rental Protection	# of Units Affected by Heritage Protection
Singles Houses (633 properties)	599	37	636	56	636	1	7
Property Houses (31 properties)	10	38	48	6	0	10	6
Shop Houses (11 properties)	55	1	56	33	56	0	0
Total (675 properties)	664	76	740	95	692	11	13

Fifty four of the units have shared living arrangements while 669 of the units have two or more bedrooms. One hundred nineteen (119) units contain four or more bedrooms.

Table 3: Stand-alone Units by Unit Size– Single Houses, Property Houses and SHOP Houses

Unit Size	Single Houses	SHOP Houses	Property Houses	Total
Shared	0	54	0	54
Bachelor	0	0	1	1
1 bedroom	1	1	14	16
2 bedroom	15	0	14	29
3 bedroom	503	1	17	521
4 bedroom	93	0	2	95
5 bedroom	24	0	0	24
Total Units	636	56	48	740

The properties are situated in 29 wards across the City. There are more than 100 units in each of Wards 30, 32 and 42, as described in Appendix E.

Regulatory Requirements and Contractual Obligations

If TCH intends to proceed to list any of the 675 properties for sale, it is legally required to satisfy regulatory requirements and contractual obligations associated with each property.

Shareholder Direction

The City of Toronto is sole shareholder of TCH. Through City Council's adoption of Policy & Finance Committee Report 1(1), as amended, at the meeting held October 2-4, 2001, the City issued a Shareholder Direction to TCH. Pursuant to clause 6.3.1(b) in the Shareholder Direction, TCH requires the approval of the shareholder to "sell real property assets used for the purposes of providing rent-g geared-to-income and market housing or which are zoned or deemed suitable for housing purposes." If Council adopts recommendation 1 in this report, the requirement for shareholder consent will be met with respect to the properties listed in Appendix A, provided that TCH meets the conditions as set out in Recommendation 1.

Housing Services Act

Sections 161(3) and 162(3) of the *Housing Services Act, 2011* (HSA) provide that ownership of housing that falls under programs within the scope of the Act can only be transferred with the written consent of the Minister of Municipal Affairs and Housing. SSHA staff have determined that 644 of the 675 properties listed in Appendix A are within the scope of the HSA and their sale will require ministerial consent and/or CMHC approval. The Minister evaluates all consent requests for the sale of social housing on a case by case basis and, among other factors, takes the following into consideration:

- Impact on tenant households' interests, including their security of tenure and access to support services.
- Potential liability to Ontario Mortgage and Housing Corporation and Canada Mortgage and Housing Corporation (CMHC).
- Other matters of provincial concern such as the effect on the full range of affordable housing supply in the community.

The consent of CMHC is also required for release of 393 of these properties from security under debentures and for the early payout of mortgages. The impact, if any, is subject to the outcome of discussions with the Ministry of Municipal Affairs and Housing and CMHC.

Service Level Standard

In reviewing social housing sale consent requests, the Minister also considers the impact of proposed sales on the maintenance of legislated service level standards. Under subsection 40(1) of the HSA, the City of Toronto, as Service Manager for the social housing system, is required to ensure the provision of the number of units of RGI housing as prescribed in section 19 of O. Reg. 367/11. Ministerial consent to the sales will not relieve the City from its service level standard under the HSA.

The City requires TCH to maintain 52,473 units of the City's legislated service level standard. To ensure the City is able to meet its service level standard, prior to the sale of any properties, TCH will be required to submit a plan, which will require them to demonstrate how they will replace RGI units proposed for sale with units that will accommodate similar sized households all of which are to be funded from within TCH's existing operating subsidy.

Rental Housing Protection Policy

Eleven rental units in 7 of the 675 properties recommended for sale would be affected by the City's Official Plan housing policy 3.2.1.8 which states:

The conversion to condominium, or the severance or subdivision, of any building or related group of buildings, containing six or more rental housing units will not be approved unless:

- a) *all of the rental housing have rents that exceed mid-range rents at the time of application, or*
- b) *in Council's opinion, the supply and availability of rental housing in the City has returned to a healthy state and is able to meet the housing requirements of current and future residents ...*

Any properties that would need to be subdivided in order to be sold individually would be affected by Official Plan policy 3.2.1.8. TCH will require an Official Plan Amendment to permit any such subdivision of the properties. It is estimated that two separate groups of properties would require Official Plan Amendments.

In addition to the need for Official Plan Amendments, the City's Rental Housing Demolition and Conversion By-law (885-2007) requires a permit for the subdivision of residential rental property if the severance or subdivision of the land will reduce the number of rental units in any building or related group of buildings to less than 6. TCH would be required to submit an application under the By-law if they wished to sever or subdivide either of the two groups of affected rental housing properties. Council's decisions on such applications are final and cannot be appealed to the Ontario Municipal Board.

Heritage Policy

City Planning has completed a preliminary review of the addresses proposed for sale and determined that 9 properties are on the City's Inventory of Heritage Properties. The following table identifies the number of properties that are on the city's inventory and their current classification under the *Ontario Heritage Act*.

Table 4: Properties Affected by OP Heritage Resources Policy 3.1.5.6

Number listed, not designated	1
Number designated under Part V of the Ontario Heritage Act	8
Total Number of Affected Properties	9

Official Plan Section 3.1.5 Heritage Resources, Policy 6 states: "When a City-owned heritage property is sold, leased or transferred to another owner, a heritage easement agreement will be secured and public access maintained to areas with heritage value."

Where heritage easement agreements (HEAs) are required prior to transfer or sale, a report to City Council is required to seek authority for the City to enter into the easement. In the case of listed but not designated properties, a companion designation report will also have to be prepared.

It is recommended that the 9 properties affected by Council's Official Plan policy 3.1.5.6 must be protected by HEAs and appropriate Council approvals must be obtained prior to sale or transfer.

The properties that are subject to the Rental protection and Heritage policies are listed in Appendix F.

Other Contractual Obligations

TCH will need to review any existing legal documents including tenancy, head lease and referral agreements and identify any additional commitments and requirements that it may need to comply with.

Support for Affected Tenants

The legal relationship between TCH and its tenants is governed by the *Residential Tenancies Act*. Under this legislation the intent to sell or sale of a property is not grounds for eviction. TCH has also indicated that they wish to proceed with the sale of the vacant properties first.

The October 21, 2011 TCH report to the board of directors included the standard to be met when supporting tenants affected by the sale of stand-alone units. The supports outlined in the standard are similar to those offered to relocating tenants in Regent Park and Don Mount Court during redevelopment. The assistance offered includes: assistance with the costs related to moving; disconnecting and reconnecting utilities; mail forwarding; and changing addresses on official documents. In addition there are commitments to timely and consistent communication and significant notice periods related to choosing new locations and moving.

While much has been learned from the tenant relocation and assistance plans for revitalization projects, the sale of stand-alone units poses new and different challenges.

Seventy six of the units are market units and 54 units are in shared living arrangements. Previous relocation plans have included communities where all units were rent geared-to-income and self-contained. It may be challenging to find affordable market rent units for families needing 2 to 5 bedroom units. TCH's ability to relocate these tenants will be further challenged by the current need to find temporary locations for families needing to relocate as part of Regent Park, Lawrence Heights and Alexandra Park revitalization. Some units in the stand-alone housing stock are in neighbourhoods where it will be difficult to find alternative accommodation within close proximity to the tenant's current home.

Special consideration will be required for families with disabled children since these families may have had accessibility modifications made to their homes and they will have difficulty finding larger accessible units within TCH's portfolio. The need for continued proximity to community services, including specialized education and medical resources, will need to be addressed for all households with special needs.

TCH will not evict tenants nor will they withdraw RGI subsidy to qualified residents as a result of Council's approval of the sales. They have indicated that they will make every reasonable effort to relocate affected households to suitable alternative accommodation and sell units when they become vacant. Alternative approaches may be considered with the consent of all parties.

To ensure support to tenants and that tenant impacts are addressed it is recommended that, prior to the sale of any occupied properties, TCH be required to provide a Tenant Relocation and Assistance Implementation Plan, to the satisfaction of the General Manager, Shelter Support and Housing Administration, as a condition of Council's approval of the sale of stand-alone units.

Community Impacts

Affordable Rental Housing

The objectives of the Official Plan housing policies are to provide and maintain a full range of housing in terms of form, tenure and affordability, across the City and within neighbourhoods. Official Plan Policy 3.2.1.1 stated that "a full range of housing, in terms of form, tenure and affordability...will be provided and maintained to meet the current and future needs of residents. A full range of housing includes: ownership and rental housing, affordable and mid-range rental and ownership housing, and social housing..."

Historically TCH has retained 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. Through revitalization projects the City and TCH have also promoted the creation of mixed income housing communities which integrate a range of tenures and income levels in a variety of building forms to serve a diverse population. In addition, TCH has partnered with a wide variety

of community agencies serving vulnerable tenants to provide housing in an affordable and supportive environment.

While no amendment to the Official Plan will be required, TCH's proposal to sell its stand-alone properties will likely result in a reduction of the number of rental units throughout the city, particularly in certain neighbourhoods. The sale of stand-alone properties will also reduce the mix of unit types in the TCH portfolio. The most significant loss resulting from the sale will be to larger, grade-related family sized (2 to 5 bedroom) units.

TCH's plan includes selling RGI and rent supplement units and replacing them with an equivalent number of existing market units that will be converted to subsidized units. This will likely result in an increased concentration of subsidized units, in certain neighbourhoods and buildings.

Applicant Wait Times and Choices

As of October 31, 2011 there were 81,410 applicants on the centralized social housing waiting list. It is anticipated that approximately 3,300 applicants, or 4 percent of the total number, will have received a social housing unit over the course of 2011. This is down from 2010 when a total of 3,733 applicants were housed (approximately 5 percent of the waiting list) and 2009, when a total of 4,256 applicants (or 6 percent of the total) were housed. Over the next several years as a result of the sale of the stand-alone properties, there will be 664 fewer units available that would otherwise have been offered to applicants on the central waiting list. There are already fewer offers being made to waiting list applicants due to TCH's current need to set aside vacant units for temporary housing for tenants in communities undergoing revitalization.

Of the 740 units being considered for sale only 95 units are vacant. Given the process will take place over several years, additional units may become vacant through the normal turnover process. TCH will have to find locations for up to 600 households that will need to be relocated to family units (2 to 5 bedrooms). These units will no longer be available for offer to central waiting list applicants or the TCH families that are now living in overcrowded conditions and are hoping for a transfer. Applicants who listed housing preferences within the wards most affected by potential sales may be less likely to be offered a unit within their preferred neighbourhoods. When filling vacancies, TCH will need to give priority to households that wish to remain in their existing communities and are being relocated due to the sale of their homes.

The relocation of the 54 tenants currently in shared living units will put pressure on the waiting lists for bachelor and 1 bedroom units since there will be few opportunities to relocate these households in other shared living arrangements.

It is recommended that City Council direct TCH to report annually, through TCH's *Annual Report* to Council, on the status of the sale of the properties and on any tenant and community impacts resulting from the sales.

The Need for Ongoing Federal and Provincial Funding

Approval of the recommendations in this report will generate a significant amount of revenue towards the repair of TCH's multi-residential portfolio. This progress notwithstanding, Toronto urgently needs the federal and provincial governments to step forward with long-term sustainable funding to support the repair and operation of social housing in Toronto. This report recommends Council urge the federal and provincial governments in the strongest possible terms to provide the necessary funding to support social housing and in particular the needs of TCH. These requests are consistent with Council's 10 year affordable housing action plan, *Housing Opportunities Toronto*.

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ATTACHMENTS

- Appendix A: Property Profile: 675 TCH Properties Proposed for Sale
- Appendix B: Unit Profile: 740 TCH Units Proposed for Sale
- Appendix C: List of 18 TCH Properties Under Agency Agreements
- Appendix D: List of 168 TCH Properties Requiring Further Analysis by TCH
- Appendix E: Stand Alone Units by Ward: Single Houses, Property Houses and SHOP Houses
- Appendix F: List of TCH Properties Subject to Rental Housing and Heritage Policies