

City Hall
100 Queen Street West
East Tower, 11th Floor
Toronto, Ontario M5H 2N2

Tel: 416-392-3551
Fax: 416-392-1827
giuliana.carbone@toronto.ca
www.toronto.ca

July 19, 2018

Kathy Milsom
President and Chief Executive Officer
Toronto Community Housing Corporation
931 Yonge Street
Toronto, ON

Dear Kathy:

I am responding to your July 10, 2018, email regarding the transfer of TCHC Agency Houses.

I have consulted with staff, including City Legal, and want to provide clarity on the recommendations in report EX30.2 *Implementing Tenants First - Toronto Community Housing Corporation (TCHC) Scattered Portfolio Plan and an Interim Selection Process for Tenant Directors on the TCHC Board* adopted by City Council at its meeting from January 31st to February 1st earlier this year.

The recommendations regarding the transfer of Agency Houses aim to keep TCHC whole in terms of outstanding mortgages and the fees associated with pre-paying mortgages for the listed portfolio of Agency Houses contained in Appendix 1 of the report, and also give guidance on determining the transfer prices of individual Agency Houses.

Recommendation 1.d) directs that the "the transaction is structured to support the result of an aggregate net neutral financial impact to Toronto Community Housing Corporation following transfer of the ownership of the entire portfolio." This is further explained in Appendix 2 of the report, which includes "existing mortgages associated with the properties will be paid off" and "the cost of operations and capital repairs be removed from TCHC's balance sheet" as intended outcomes. The report did not intend for TCHC to receive Fair Market Value for any of the Agency Houses.

Recommendation 1.e) states that "Toronto Community Housing Corporation Agency Houses, listed in Appendix 1, are to be offered to interested and qualified existing operators at a value determined by a formula that considers the outstanding mortgage on the entire Agency House portfolio and the assessed value of the individual house." This recommendation was intended to provide a framework for equitably allocating the outstanding value of the mortgages on the Agency Houses amongst the Agencies who would be offered the opportunity to purchase them. After putting in considerable thought and effort, TCHC and City staff have created a formula to allocate the sum of the current

value of outstanding mortgages of the Agency House portfolio *pro rata* to each individual Agency House based on the assessed value of each house relative to the assessed value of the Agency House portfolio.

As explained above, City Council has given direction for these transfers to take place. I would like to confirm with you that you are in agreement with this course of action and will direct TCHC staff to continue to work with City staff to proceed with these transfers.

Sincerely,



Giuliana Carbone
Interim City Manager

cc: Elaine Baxter-Trahair, Acting Deputy City Manager, Cluster A
Kevin Marshman, Board Chair TCHC
Chris Brillinger, Executive Director, Social Development, Finance and Administration