

## Status of the transfer of 165 Elm Ridge Drive

**Date:** April 12, 2019

**To:** City Council

**From:** Deputy City Manager, Community and Social Services

**Wards:** 8

### SUMMARY

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This is a status update on the transfer of 165 Elm Ridge Drive to Reena.

At its meeting of April 9, 2019, the Executive Committee requested the Deputy City Manager, Community and Social Services, in consultation with the President and Chief Executive Officer, Toronto Community Housing Corporation to report to the April 16 and 17, 2019, City Council meeting with a status report on the transfer of 165 Elm Ridge Drive, including criteria that have to be met to facilitate the transfer to Reena.

### FINANCIAL IMPACT

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There is no financial impact resulting from this report.

### DECISION HISTORY

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On July 23, 2018, Council adopted 2018.MM44.123 "Reaffirming Shareholder Direction to Toronto Community Housing Corporation to transfer Agency Houses" which reaffirmed Council's direction to TCHC to transfer the Agency Houses at a below-market transfer price as determined by the City Manager.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.MM44.123>

On January 31, 2018, Council adopted 2018.EX30.2 "Implementing Tenants First: Toronto Community Housing Corporation (TCHC) Scattered Portfolio Plan and an Interim Selection Process for Tenant Directors on the Toronto Community Housing Corporation Board" which gave the necessary consents to transfer the Agency Houses to the agencies operating the houses.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX30.2>

## ISSUE BACKGROUND

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165 Elm Ridge Drive is a detached two-storey building located in Ward 8. The building is owned by TCHC and leased to a non-profit agency named Reena. Reena provides programming and services for people with developmental disabilities within a framework of Jewish culture and values. Reena leases the property to provide supportive housing to adults with development disabilities.

In late 2016 or early 2017, Reena approached TCHC to discuss the possibility of purchasing 165 Elm Ridge Drive. As part of the Tenants First Implementation Plan, City Council approved in January 2018 the transfer of TCHC Agency Houses which includes 165 Elm Ridge Drive.

## COMMENTS

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Work completed on the transfer of Agency Houses to date:

- Developed a list of transfer prices based upon an allocation to each house of the aggregate TCHC transaction costs to transfer the Agency house portfolio, including a pro rata portion of the outstanding mortgage balance for all Agency houses and approved by City staff and TCHC (July 2018)
- Informed agencies of the prices and asked them to register their interest in purchasing the properties they occupied (January 2019)
- Completed title reviews on the Agency Houses to determine if severances are required
- Created a work plan that accounts for the transfer of each property based on their unique characteristics.

In the fall of 2018, after receiving feedback from Reena, City staff became aware of a need to expedite the transfer of 165 Elm Ridge Drive, as Reena wanted to take advantage of available provincial funding to begin capital improvements.

In order to facilitate Reena to make capital improvements, the City and TCHC had initial discussions regarding the possibility of a long-term lease between TCHC and Reena. Subsequently, TCHC obtained an external legal opinion that found that any construction work on the site would need to be done with the use of labour forces that were compatible with TCHC's labour union affiliations. Reena was advised of this and has not pursued the long-term lease.

In order to support Reena's work while the transfer of property is being finalized, TCHC has committed to continuing to complete the required repairs and maintenance following TCHC guidelines and at TCHC's expense. Reena has committed to providing TCHC with a list of required repairs and maintenance in accordance with the TCHC guidelines. Reena is preparing a plan for property improvements and the cost of preparing the drawings. The implementation of the improvements will be paid for by TCHC and will be recovered in full as additional payment on the sale of the property to Reena.

## **Considerations:**

165 Elm Ridge is currently encumbered by an Infrastructure Ontario (IO) mortgage which must be discharged before TCHC can transfer the asset free of encumbrances. The process to discharge the mortgage requires TCHC to provide IO with a substitute mortgage on other TCHC properties of similar value as security for repayment of the existing loan. This transaction involves significant due diligence for TCHC to identify appropriate properties of similar value to substitute as security, the acceptance of the offered substitute security by IO including their own internal reviews, consents and approvals, title and due diligence review on behalf of the lender, obtaining title insurance, drafting of legal documents and opinions and execution and closing of the transaction. TCHC has advised City staff that this process can take up to five months to finalize.

While it is projected that 165 Elm Ridge will be transferred to Reena in April 2020, this is the most conservative estimate. It is possible that the transfer could take place sooner, provided Reena has the funds available to purchase the property when the Agreement of Purchase and Sale is shared with them. If Reena is able to secure the funds at that time, the transfer of 165 Elm Ridge could take place as soon as November 2019.

The detailed work plan, outlining both the most conservative and the most optimistic timelines, is contained in Attachment 1.

## **Next steps:**

City and TCHC staff continue to work on transferring all of the properties that have been approved for transfer by City Council.

TCHC has appointed a project manager to this process and has created a project plan, including a timeline for each transfer. City and TCHC staff will be updating each agency on this timeline in April 2019.

## **CONTACT**

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## **SIGNATURE**

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Community and Social Services

## **ATTACHMENT**

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Attachment 1: Work Plan for Transfer of 165 Elm Ridge