

THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
June 2, 2004
Report of the
General Manager
And
Treasurer

NORTHWOOD PARK CO-OPERATIVE HOMES ACQUISITION

1. RECOMMENDATIONS

It is recommended that:

1. The Corporation enter into an agreement of purchase and sale with respect to the property legally described as Part of Lot 7, Concession 7 (of the former Geographic Township of Vaughan), City of Vaughan, The Regional Municipality of York, conditional upon waiver of the land transfer tax and verification that all outstanding technical issues, including mould remediation, have been successful.
2. The General Manager be authorized to execute the agreement on the Corporation's behalf, subject to the prior review of the Corporation's Solicitor.

2. PURPOSE

The purpose of this report is to provide the Board of Directors with an overview of the proposed transfer of ownership of a property owned by Northwood Park Co-operative Homes to Housing York Inc. (HYI) and to request that the Board approve the transfer.

3. BACKGROUND

Northwood Park Co-operative Homes Inc. (the Co-operative) consists of two projects, a 30 unit townhouse project in The Regional Municipality of Peel and a 14 unit townhouse project in the City of Vaughan (64 Abel Avenue, Woodbridge). The Vaughan project has not yet been devolved to the Region by the Province as it was considered a Project in Difficulty (PID) and the Province committed to resolving all such projects prior to transfer. As part of the resolution strategy, both the Province and the Co-op agreed that continued ownership by the Brampton based group was not viable.

The Board of Directors and the membership of the Co-operative approached the Ministry of Municipal Affairs and Housing to request that ownership of the Vaughan property be transferred to Housing York Inc. The Co-operative would continue to own and operate the Brampton property. Both the Ministry and Peel Region support the transfer of ownership of the Vaughan property.

The transfer of ownership is distinct from the transfer of administrative and funding responsibility. This project remained under Provincial administration pending resolution of a mould problem and construction related issues. The Province will devolve Northwood Park's Vaughan site to the Region regardless of whether ownership is transferred to HYI. The Province is responsible for the related remediation costs. The Region is responsible to fund 100% of the on-going subsidy costs for the Vaughan site regardless of who ultimately owns the property.

4. ANALYSIS AND OPTIONS

4.1 Benefits to Transfer of Ownership

Currently, the geographic distance between the Co-operative's two sites creates administrative challenges and reduces the opportunity for economies of scale. As well, the group is unable to provide the necessary support to the project to ensure appropriate resident support. The transfer of ownership will not be problematic. The Vaughan site is adjacent to an existing HYI property. Adding the Vaughan site to the HYI portfolio will have only a minimal impact on operations.

The Co-operative's Vaughan site residents have expressed support for integration into the HYI portfolio. At present the Co-operative's board operates out of the Brampton location, making it difficult for Vaughan site issues to receive equal priority. Vaughan site residents will therefore benefit more from HYI programs and services.

York Region is currently responsible for subsidy costs relating to the Co-operative's Vaughan site. Integration into the HYI portfolio will enable the Region to more effectively manage operating costs and any liabilities.

4.2 Issues to be Resolved Before Transfer of Ownership

The Co-operative and the Ministry must address a number of issues before title to the property is transferred to the Corporation.

4.2.1 Remediation of Construction and Mould Issues

The Co-operative has experienced a mould problem and a number of significant construction related issues. The Province is required to provide funding and supervise the remediation. The Province and the Co-operative have agreed to permit the Region to engage a qualified third party to conduct a thorough inspection of the site once the work is completed. The inspection is tentatively scheduled to occur in July 2004. As a condition of transfer, the inspection must demonstrate that the remediation efforts have been successful and that all outstanding technical issues have been resolved.

4.2.2 Land Transfer Tax Exemption

At the point of transfer, HYI will acquire all assets related to the Vaughan property and assume the mortgage of approximately \$2 million dollars. Under normal circumstances, this transaction would be subject to the Land Transfer Tax. The Ministry has agreed to implement a regulation exempting this transfer from the otherwise applicable tax.

5. FINANCIAL IMPLICATIONS

With ownership of the property, HYI will assume responsibility for the assets and liabilities of the Vaughan site. This will not materially change the Region's existing mandated responsibility for funding this project under the *Social Housing Reform Act*. It will allow the Region to effectively manage a property which had been experiencing significant difficulty as a stand alone project and is expected to constrain future financial liabilities for the Region.

The Province has committed to meeting the costs of building repairs and mould remediation such that the building is in sound condition prior to transfer.

6. LOCAL MUNICIPAL IMPACT

Municipalities share in Social Housing Program costs through the tax levy.

It is anticipated, that as part of the HYI portfolio, this project will improve its relationship with the community.

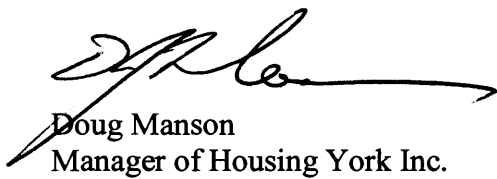
7. CONCLUSION

Assuming ownership of the Vaughan site under the HYI portfolio will allow for better tenant service, as well as effective cost control and risk management. Prior to transfer of ownership, the Region will exercise due diligence with respect to the condition of the asset and waiver of the Land Transfer Tax.

Northwood Park Co-operative Homes Acquisition

The Senior Management Group has reviewed this report.

Prepared by:



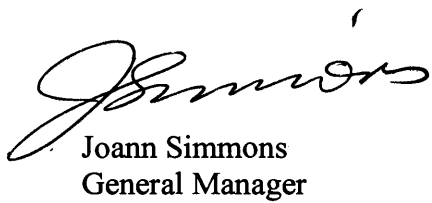
Doug Manson
Manager of Housing York Inc.

Reviewed by:

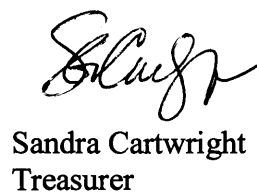


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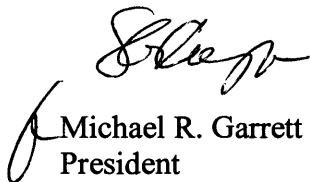


Joann Simmons
General Manager



Sandra Cartwright
Treasurer

Approved for Submission:



Michael R. Garrett
President

May 25, 2004

KH/dm

Version 4-2003-5-20