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NORTHWOOD PARK CO-OPERATIVE HOMES

The Community Services and Housing Committee recommends adoption of the recommendations contained in the following report, December 16, 2004, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. The Region acquire the property known as Northwood Park Co-operative Homes, legally described as Part of Lot 7, Concession 7 (of the former Geographic Township of Vaughan), City of Vaughan, The Regional Municipality of York, subject to the provincial government waiving the land transfer tax and all outstanding technical issues being resolved to the Region's satisfaction.

2. The Region enter into a long-term lease agreement with Housing York Inc. (HYI) for the operation of the property.

3. The Commissioner of Community Services and Housing be authorized to execute the Agreement of Purchase and Sale and the lease agreement with HYI on the Region's behalf subject to the prior review of a solicitor with the legal services branch.

4. Staff to be authorized to take all steps to give effect hereto.

2. PURPOSE

The purpose of this report is to provide Council with an update on the proposed transfer of ownership of a property owned by Northwood Park Co-operatives Homes to the Region and to request that Council authorize the transfer and lease agreement with Housing York Inc. (HYI) for operation of the property.

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 the subject property which comprises 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 and the Province committed to resolving all such projects prior to transfer. As part of the resolution strategy, both the Province and the Co-operative agreed that continued ownership by the Brampton based group was not feasible.

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 HYI. Both the Ministry and Peel Region support the transfer of ownership of the Vaughan property.

In June, 2004, Regional Council endorsed HYI's acquisition of the Vaughan property. However, since that time, a title issue relating to the *Planning Act* has been identified as HYI owns an adjacent property.

If HYI purchases the Northwood property, the title would merge with the adjacent property also owned by HYI. This is not acceptable as it would affect the current mortgage security and would negatively impact on the ability of HYI to make changes on the two sites over the long term.

Consequently, in order to most efficiently effect the transfer, it is preferable to have the Region take title to the property. The Region will then, in turn, lease the property to HYI.

The transfer of ownership is distinct from the transfer of administrative and funding responsibility. The Province will devolve administration of Northwood Park's Vaughan site to the Region regardless of whether ownership is transferred. The Region is responsible to fund 100% of the ongoing subsidy cost for the Vaughan site regardless of who ultimately owns the property. Acquiring the site and administering the property through HYI will enable the Region to more effectively manage operating costs and any liabilities.

4. ANALYSIS AND OPTIONS

4.1 Issues to be Resolved Before Transfer

Regional staff are currently working with the Ministry of Municipal Affairs and Housing and the Co-operative to address the outstanding issues that must be resolved before the Region acquires the property.

4.1.1 Technical Analysis

To date the Co-operative has remained under provincial administration pending remediation of a number of technical issues with the building. The Region engaged an engineering firm to conduct a comprehensive building condition audit to ensure that all remediation has been satisfactorily completed. Once the audit is received, Regional staff will meet with the Province to discuss completion and/or funding of any remaining issues.

4.1.2 Land Transfer Tax Exemption

In acquiring the property, the Region will receive all assets related to the Vaughan property. In turn, the Region will assume the existing mortgage of approximately $2 million. Ordinarily this transaction would be subject to the Land Transfer Tax. However, Ministry staff have agreed to implement a regulation exempting this transfer from the otherwise applicable tax. Written confirmation of the exemption will be obtained as a condition of the acquisition.

4.2 Agreement of Purchase and Sale

The essential terms of the proposed Agreement of Purchase and Sale are as follows:

- The Region will acquire all assets related to the Vaughan site, including the building, chattels, pre-paid rent, and the reserve fund (if any).
- The Region will not acquire any employees of the Co-operative.
- The Region will be assuming the current social housing mortgage on the property.
- The acquisition is conditional upon approval from Canada Mortgage and Housing Corporation and the Ministry of Municipal Affairs and Housing.
- The building condition audit report commissioned by the Region must indicate that the building is in satisfactory condition. Alternately, the Province must provide funds to ensure that any identified outstanding issues are resolved in a timely manner.
- The Province must provide written assurance that any applicable land transfer tax will be waived or reimbursed.

4.3 Lease – Regional Municipality of York and Housing York Inc.

A lease agreement is required because HYI, as the entity equipped to manage housing communities, will be leasing the building from the Region, as the registered owner of the property.

The lease will be a standard commercial lease with a term of 49 years. A Property Management Services Agreement is already in place between the Region and HYI which, for example, delineates the terms under which the Region provides services, particularly those of Regional employees, to HYI.

5. FINANCIAL IMPLICATIONS

With ownership of the property, the Region 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, 2000*. It will allow the Region to effectively manage a property which had been experiencing significant difficulty and is expected to constrain future financial liabilities for the Region.

6. LOCAL MUNICIPAL IMPACT

Municipalities share in Social Housing Program costs through the tax levy. It is anticipated that as a Regional property managed by HYI this property will improve its relationship with the neighbouring community.

7. CONCLUSION

Assuming ownership of Northwood Park Co-operative Homes with HYI management will allow for effective cost control and risk management of the project. Prior to transfer of ownership the Region will exercise due diligence with respect to the condition of the property and waiver of the Land Transfer Tax.

The Senior Management Group has reviewed this report.