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| | REPORT No.: 2018-61 |
| MEETING DATE: OCTOBER 18, 2018 | DATE PREPARED: OCTOBER 4, 2018 |
| SUBJECT: TRANSFER OF INVESTMENT IN AFFORDABLE HOUSING AGREEMENT – 410 E. VICTORIA AVENUE, THUNDER BAY | |

RECOMMENDATION

THAT with respect to Report No. 2018-61 (Housing Services Division), The District of Thunder Bay Social Services Administration Board provides consent for the transfer of the Investment in Affordable Housing for Ontario Program - Rental Housing Component Service Manager Contribution Agreement from 1561279 Ontario Ltd. (Habib Enterprises) to 2649700 Ontario Inc.;

AND THAT a copy of the resolution be provided to the Ministry of Municipal Affairs and Housing.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information on the potential sale of an Investment in Affordable Housing (IAH) funded property, and to recommend support for the assignment of the IAH Agreement.

BACKGROUND

At the June 21, 2012 Board meeting, the Board received a report (Report No. 2012-24) recommending that Habib Enterprises be awarded \$1,467,765 from the 2012-13 allocation from the Investment in Affordable Housing (IAH) capital funding program for the creation of new affordable housing units in the City of Thunder Bay. This recommendation was approved through Resolution No.12/71.

On December 31, 2012, the Investment in Affordable Housing for Ontario Program - Rental Housing Component Service Manager Contribution Agreement (SMCA) was signed between The District of Thunder Bay Social Services Administration Board and 1561279 Ontario Ltd. (Habib Enterprises). This established the agreement for the creation of 20 new affordable housing units to be located at 410 East Victoria Avenue, Thunder Bay.

First occupancy of these units occurred on July 1, 2014. TBDSSAB committed to engaging 5 of the units under the Private Market Rent Supplement Program, while the remaining 15

units were offered by the property owner to qualifying individuals at a rent not exceeding 80% of average market rent.

At the May 17, 2018 Board meeting, a verbal report was provided by Administration to the Board in Closed Session regarding this property.

On May 28, 2018, local media reported that Mr. Habib was seeking to sell a number of his properties, including "an apartment building on Victoria Ave. East". The media report stated Mr. Habib was retiring to take care of health issues. In a meeting between TBDSSAB Administration and representatives of the Habib family, it was verified that they were seeking the sale of the 410 East Victoria Avenue property. A verbal report was provided by Administration in Closed Session at the June 28, 2018 Board meeting.

COMMENTS

On July 30, 2018, TBDSSAB received a communication from Mr. Rodney Dwira stating his interest in purchasing the 410 East Victoria Avenue property, and looking for more information on the IAH Agreement. On August 1, 2018, TBDSSAB received written consent from Habib Enterprises to engage with Mr. Dwira to discuss the property. At that time, TBDSSAB was informed that a conditional Agreement of Purchase and Sale had been established between Habib Enterprises and Mr. Dwira.

Following this receipt of consent, TBDSSAB reached out to Mr. Dwira requesting detailed information in order to review the risk of entertaining a new proponent for the IAH Agreement. Information was provided, including a statement of independent legal advice related to the assumption of the agreement.

Under the terms of the SMCA, the proponent is bound to all of the requirements and deliverables for a period of 20 years, which in this case would end on December 31, 2032. Further, Paragraph 12.18 of the SMCA provides that the proponent shall not assign its interest in the SMCA without the prior written consent of the Board. If the proponent seeks to sell the property, Paragraph 12.19 requires the proponent to assign its interest in the SMCA to the transferee, and the transferee shall agree to assume the proponent's obligations under the SMCA and to provide the Board with the security required by the SMCA. The form and content of Assignment and Assumption Agreement can be determined by the parties.

The approval of the Ministry of Municipal Affairs and Housing is not required to transfer the agreement, however the Ministry must be notified of the Board's consent for the transfer, so that their records may be updated.

It is Mr. Dwira's intention to purchase the property and assume the agreement under a numbered corporation - 2649700 Ontario Inc. Administration has reviewed the information provided by Mr. Dwira and is satisfied that there is limited risk in allowing the assignment of the existing Contribution Agreement. There is no impact on current tenants with the transfer of the agreement.

If the Board does not consent to the transfer, 1561279 Ontario Ltd. would continue to operate the rental property and be expected to follow the terms of the Contribution Agreement. It is anticipated that the property would continue to be listed for sale.

FINANCIAL IMPLICATIONS



There are no financial implications resulting from this report.

CONCLUSION

It is concluded that this report provides the Board with an overview of the request by Habib Enterprises to sell the 410 East Victoria Avenue property, and assign the Service Manager Contribution Agreement to 2649700 Ontario Inc. TBDSSAB Administration recommends that the Board provide its consent in this regard.

REFERENCE MATERIALS ATTACHED

None

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| PREPARED BY: | Aaron Park, Manager, Housing and Homelessness Programs The District of Thunder Bay Social Services Administration Board |
| APPROVED / SIGNATURE: |  Ken Ranta, Director - Housing Services Division The District of Thunder Bay Social Services Administration Board |
| SUBMITTED / SIGNATURE: |  William (Bill) Bradica, Chief Administrative Officer The District of Thunder Bay Social Services Administration Board |