



	REPORT No.: 2021-62
MEETING DATE: DECEMBER 16, 2021	DATE PREPARED: NOVEMBER 24, 2021
SUBJECT: TRANSFER OF INVESTMENT IN AFFORDABLE HOUSING AGREEMENT – 410 EAST VICTORIA AVENUE, THUNDER BAY	

RECOMMENDATION

THAT with respect to Report No. 2021-62 (Integrated Social Services Division) we, The District of Thunder Bay Social Services Administration Board, consent to the transfer of the Investment in Affordable Housing for Ontario Program - Rental Housing Component Service Manager Contribution Agreement from 2649700 Ontario Inc. to 2834908 Ontario Ltd.;

AND THAT we authorize the Chief Administrative Officer to execute any related documentation required;

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 consent for the assignment of the IAH Contribution 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 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.

The terms for this funding program state that the funds shall be deemed a forgivable loan, for a period of 20 years from the date of initial occupancy. There is an annual interest rate on the loan of 5%, which shall be forgiven on the annual interest adjustment date, provided that the proponent has satisfied all requirements of the contribution agreement. The loan amount shall be fully forgiven on the last day of the month at the end of the term of the loan, provided that the proponent has fulfilled all the requirements

of the contribution agreement. TBDSSAB has registered a mortgage security on the property for the full amount and term of the forgivable loan.

On December 31, 2012, the Investment in Affordable Housing for Ontario Program - Rental Housing Component Service Manager Contribution Agreement was signed between TBDSSAB 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. This initiative is identified as project AH2-THU-RS-001 by the MMAH.

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.

On May 28, 2018, TBDSSAB was advised that Habib Enterprises was 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.

On July 30, 2018, TBDSSAB was informed that a conditional Agreement of Purchase and Sale had been established between Habib Enterprises and Mr. Dwira for the 410 East Victoria Avenue property.

A report was brought to the Board at the October 18, 2018 meeting (Report No.: 2018-61), seeking consent to the transfer the Investment in Affordable Housing for Ontario Program - Rental Housing Component Service Manager Contribution Agreement. The Board provided consent through resolution No. 18/94.

Under the terms of the agreement, the proponent is bound to all 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 agreement provides that the proponent shall not assign its interest in the agreement 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 agreement to the transferee, and the transferee shall agree to assume the proponent's obligations under the agreement and to provide the Board with the security required by the agreement.

COMMENTS

On August 28, 2021, TBDSSAB Administration received information that Mr. Dwira was seeking to sell this property and had provided consent to respond to questions from the potential purchaser, Mr. Angelo Papa. Administration was contacted by Mr. Papa with some questions regarding the transfer and IAH agreement and information was provided to satisfy these questions. It was confirmed with Mr. Papa that the full amount of the forgivable loan is outstanding and owing until the end of the term of the loan, and that annual interest payments are owing but shall be forgiven provided that the requirements of the agreement continue to be met.

On October 18, 2021, Administration received email correspondence that an agreement of purchase and sale had been reached between the two parties. Administration then provided Mr. Papa with a list of documents and information TBDSSAB would require to determine if a transfer of the IAH agreement was possible. At that time, Administration informed Mr. Papa that confirmation of independent legal review of the IAH agreement and understanding and acceptance of all terms in the agreement was required, and that any legal costs incurred by TBDSSAB in the review and potential assignment of the IAH agreement would be the responsibility of the purchaser. Mr. Papa provided the requested documentation and confirmation of legal review and responsibility for costs on November 12, 2021.

The proposed closing date for this transaction is February 3, 2022, with a condition that TBDSSAB approve of the purchase and consent to the transfer of the Investment in Affordable Housing for Ontario Program - Rental Housing Component Service Manager Contribution Agreement by December 31, 2021.

It is Mr. Papa's intention to purchase the property and assume the agreement under a numbered company - 2834908 Ontario Ltd. Administration has reviewed the information provided by Mr. Papa and is satisfied that there is limited risk in allowing the assignment of the existing agreement. Security registered in TBDSSAB's favour will remain on the property, and there is no impact on current tenants with the transfer of the agreement.

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

FINANCIAL IMPLICATIONS



There are no financial implications resulting from this report.

CONCLUSION

It is concluded that that this report provides the Board with an overview of the request by 2649700 Ontario Inc. to sell the 410 East Victoria Avenue property and assign the Investment in Affordable Housing for Ontario Program - Rental Housing Component Service Manager Contribution Agreement to 2834908 Ontario Ltd. TBDSSAB Administration recommends that the Board provide its consent in this regard.

REFERENCE MATERIALS ATTACHED

None

PREPARED BY:	Crystal Simeoni, Manager, Housing Programs The District of Thunder Bay Social Services Administration Board
APPROVED / SIGNATURE:	
	Ken Ranta, Director, Integrated Social 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