



Q2 2021 Agreement of Purchase and Sale of Scattered Properties

Item 9

February 26, 2021

Board of Directors

Report: TCHC:2021-09

To: Board of Directors (the “Board”)

From: Director, Strategic Planning & Stakeholder Relations and Senior Legal Counsel, Real Estate, Legal Services Division

Date: February 1, 2021

PURPOSE:

The purpose of this report is to provide the Board with an update on the joint City of Toronto (the “City”) and TCHC Request for Proposals (“RFP”) pursuant to the Tenants First initiative for the sale of 623 scattered houses containing 729 units (the “Scattered Properties”), and to gain approval for staff at TCHC to negotiate agreements of purchase and sale for the Scattered Properties with direction from the Deputy City Manager, Community and Social Services.

RECOMMENDATION:

It is recommended that the Board approve the following recommendations:

1. Resolve to accept the jointly selected non-profit proponents identified as Proponent 1 and 2 for the bundles of Scattered Houses as set out on Confidential Attachment 1;
2. Accept the purchase price for the bundles of Scattered Properties as set out on Confidential Attachment 1;
3. Authorize staff to negotiate, finalize, and execute agreements of purchase and sale with the selected proponents substantially on the terms and conditions outlined in the RFP and on such other terms and

conditions that are satisfactory to both TCHC and the Deputy City Manager, Community and Social Services, and to take such further actions and execute such further documents as may be necessary to give effect to the above recommendations.

REASON FOR RECOMMENDATION

The timeline for the transfer of scattered properties has been significantly impacted by COVID-19. TCHC and the City are working hard to expedite the transfers and ensure the process moves swiftly.

Pursuant to the RFP, the City and TCHC have jointly identified the top-ranked non-profit proponents to whom the Scattered Houses are to be conveyed, subject to successful negotiations. At its October 27, 2020 meeting, City Council was informed of the top-ranked proponents in *EX 17.2 - Implementing Tenants First: 2020 Action Updates*. TCHC staff will now proceed to negotiate and execute agreements of purchase and sale with the selected proponents, substantially on the terms and conditions outlined in the RFP and such other terms and conditions that are satisfactory to both TCHC and the Deputy City Manager, Community and Social Services. Should negotiations be unsuccessful, TCHC staff is able to undergo negotiations with the next ranked proponent per the terms of the RFP.

The agreements of purchase and sale with the selected proponents provide for a period of due diligence of between 120 to 180 days for the proponents to satisfy themselves with respect to the condition of the properties. As part of the due diligence process, TCHC will provide access to the selected proponents to TCHC's records relating to the properties. It is possible that during the period of due diligence unknown variables may arise.

The agreement of purchase and sale was written with the goal of transferring all scattered properties and ensuring proponents would be unable to select specific properties for purchase and not others. The RFP set out an attractive opportunity such that the purchaser would be obliged to take all the properties or elect not to proceed with the agreement. That said, TCHC and the City are committed to the full transfer of all scattered properties and will work together to navigate challenges with successful proponents.

TCHC Management and the City's Tenants First team continue to work closely together on this project, and updates on the negotiations will be provided to the CEO and City manager at the Monthly Executive Oversight Table.

BACKGROUND

Item History

On October 27, 2020, the report *EX 17.2 - Implementing Tenants First: 2020 Action Updates* (Public Attachment 1) was adopted by City Council without debate. Among the recommendations, the Board of TCHC was directed to “negotiate an agreement of purchase and sale, with direction from the Deputy City Manager, Community and Social Services, for the sale of the 623 scattered properties containing 729 units.” It is understood that the agreement of purchase and sale will be based on the terms and conditions outlined in the RFP, with additional terms and conditions made such that they are satisfactory to TCHC and the Deputy City Manager, Community and Social Services.

If negotiations are successful, TCHC staff will need to execute the agreements of purchase and sale with the selected proponents promptly. TCHC requires the Board's approval to ensure timelines are met and the process can proceed to a due diligence period that will last between 120 to 180 days. The transfers will close after the due diligence period is completed and the City has finalized Social Housing Agreements with the selected proponents.

IMPLICATIONS AND RISKS:

TCHC is undertaking these actions related to the transfer of the scattered houses in accordance with directions from City Council. It is recognized and accepted by TCHC that the full portfolio of scattered properties will not be sold at fair market value and management is supportive of moving ahead with the transfers.

At the close of the 30 day negotiation, TCHC will need staff to execute the agreements of purchase and sale in order to proceed to the due diligence period with the selected proponents. Approval is essential to ensure due diligence can happen swiftly and ensure the successful transfer of the scattered properties within the expected timelines.

SIGNATURE:

“Lindsay Viets”

Lindsay Viets
Director, Strategic Planning & Stakeholder Relations

“Marilyn Lee”

Marilyn Lee
Senior Legal Counsel, Real Estate Legal Services Division

CONFIDENTIAL ATTACHMENT:

Confidential Attachment 1: Q2 2021 Agreement of Purchase and Sale of Scattered Properties

Reason for Confidential Attachment:

Matters that are not required to be disclosed under the *Municipal Freedom of Information and Protection of Privacy Act*, including but not limited to a proposed or pending transaction with a third party, and a proposed or pending acquisition or disposition of land by the Corporation.

PUBLIC ATTACHMENT:

1. EX 17.2 - Implementing Tenants First: 2020 Action Updates

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