

DATE: August 31, 2012

REPORT TITLE: **CREDITVIEW AND EGLINTON - OPERATING MODEL**

FROM: Janet Menard, Commissioner of Human Services

RECOMMENDATION

That Regional staff be authorized to negotiate an Operation and Management Agreement with Wisma Mega Indah Incorporated (Wisma) for the operation and management of the Creditview / Eglinton Affordable Housing Project for a period of twenty (20) years, on terms and conditions satisfactory to the Commissioner of Human Services and the Regional Solicitor;

And further, that upon the completion of successful negotiations, the Regional Clerk be authorized to execute the Operation and Management Agreement with Wisma Mega Indah Incorporated, together with such further ancillary documents that may be required, in form satisfactory to the Commissioner of Human Services and the Regional Solicitor;

And further, that the authorized signing officers of Wisma Mega Indah Incorporated be granted, by means of the operation and management agreement, the authority to execute any agreements and ancillary documents required for the operation, maintenance and management of the Creditview/Eglinton Affordable Housing Project on behalf of the Region of Peel, the landlord of the project, including but not limited to any residential tenancy agreements, and to act as an agent of the landlord in respect to all operational, maintenance and management matters arising from these agreements, in accordance with the terms set forth in the operation and management agreement signed with the Region of Peel for the Creditview/Eglinton Affordable Housing Project.

REPORT HIGHLIGHTS

- In June 2009, Council authorized staff to enter into direct negotiation with Wintor Equities Incorporated (previously United Lands Corporation) for the development of 250 units of affordable housing in Mississauga.
- Construction is over 75 per cent complete and occupancy is expected in early 2013.
- The Creditview and Eglinton financial operating model will facilitate the creation of 100 internally subsidized units.
- Authority is required for Regional staff to enter into and execute a twenty year Operation and Management Agreement with Wisma.
- The project is on time and is projected to be completed within budget.

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DISCUSSION

1. Background

In late 2008, Winton Equities Incorporated (previously United Lands Corporation) and the City of Mississauga approached the Region of Peel with a proposal for the sale and development potential for two abutting parcels of land at the southwest corner of Eglinton Avenue and Creditview Road, Ward 6, Mississauga. The proposal, known as Creditview and Eglinton, involved the construction of two high-rise residential buildings with a total of 250 affordable housing units together with 6,000 square feet community space.

Regional Council, at its meetings of June 2, 2009 and November 22, 2009, accepted the development proposal and agreed to pass resolutions to authorize staff to enter into and execute an Agreement of Purchase and Sale, a Modified Turn Key Agreement and other documents that were deemed necessary for the completion of the Creditview and Eglinton project. Approval was also given to establish a capital cost account to fund this development and explore opportunities with Wisma to provide property management for 125 senior units.

a) Creditview and Eglinton Project

The Creditview and Eglinton project became a “development” in the summer of 2010 with the acquisition of two parcels of land located at 1535-1555 South Parade Court, Mississauga. The land, now formally owned by the Region of Peel and free and clear of encumbrances, was committed to residential use.

Funding for the Creditview and Eglinton project is provided through provincial infrastructure grants, internal borrowing and Canada-Ontario Affordable Housing Program (AHP) funding. The provincial infrastructure grant combined with AHP funding will result in an estimated operational surplus of \$500,000 annually. This surplus will be used to facilitate the creation and funding of an internal rental subsidy program for 100 units in this project.

The community vision for Creditview and Eglinton continues to be explored; however, in an effort to demonstrate leadership and proactively support the community, staff has directed the inclusion of an amenity space that would be located within the development and would serve the community.

The 250 unit apartment complex consists of the following components:

Construction Type	New Construction : Seniors and Family Affordable Housing – with Community Centre
Total Units	250
Unit Breakdown	125 Family and 125 Senior
Tenant Mix	115 market units (46%), 100 internally subsidized units (40%) and 35 rent supplement units (14%)
Parking	Underground parking – 218 spaces. This includes 4 barrier free spaces. Surface parking – 61 spaces. This includes 2 barrier free spaces.

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Common Areas	Functional Rooms on ground floors of both apartment buildings. - Family Building (1,371sq.ft) - Senior Building (1,371sq.ft)
Amenity Space	Two levels (6,888 sq.ft) for community residents and tenants

The construction of this two tower affordable housing complex is scheduled to be completed in January 2013.

2. Current Status

To date, significant progress has been made developing Creditview and Eglinton. Construction is over 75 per cent complete and the project is within time, cost and scope. It is expected that the building will be ready for occupancy in early 2013.

Since the 2009 Council approval, staff has been working to explore property management opportunities with Wisma for the Creditview and Eglinton project. While at first a model of Region of Peel ownership with Wisma to provide property management for 125 senior units was contemplated, it was determined that a long term partner having operational and management responsibility for the entire property was best.

a) Wisma Partnership Opportunity

In this initiative, Peel will meet several of the objectives and goals of the Regional Strategic Plan, and the Human Services Plan to “contribute to safe, accessible and healthy communities”, “foster creation of community identity and community self reliance”, and provide human services that meet the current and competing needs of the Region.

The Region of Peel’s strategic plan to provide exceptional housing solutions and opportunities for community engagement has led to the partnership proposal with Wisma. Similarly, the partnership underscores Wisma’s core mission to help low income residents in Mississauga seeking high quality community-based housing. The Board of Wisma has passed a resolution expressing interest in taking on the operations and management of Creditview and Eglinton.

Wisma non-profit complex, less than a kilometer away from the Creditview and Eglinton project, is a 102 unit housing complex and operates under principles of community engagement, and the notion that affordable housing is a fundamental right. Wisma’s management, staff and tenants have successfully created an inclusive and vibrant community that promotes health and self sustainability.

Given Wisma’s close proximity to the Creditview and Eglinton site (less than 1 km), experience and excellent reputation, staff is seeking authority to enter into an operation and management arrangement with Wisma to allow this well respected member of the social housing community to manage and operate the Creditview and Eglinton building complex.

b) Proposed Direction

It is recommended that Regional staff be authorized to negotiate a twenty year Operation and Management Agreement with Wisma for the operation and management of the Creditview and Eglinton affordable housing project on satisfactory terms and conditions.

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The recommended structure would require Wisma to be responsible for all aspects of operations and management of the site. Wisma has expressed an interest in having Human Services Residential Property Management (RPM) enter into a contractual agreement for specific facility management functions for Creditview and Eglinton for 2 years or such lesser time as may be mutually agreed. Discussions are underway to determine the scope of services that are to be provided.

To build community capacity, as per Term of Council Priority 19, Regional staff is recommending that Council approves this operating model as it will permit long-term community involvement and support Wisma in their organizational development. Further, the Region will have an affordable housing asset without being directly involved in day-to-day activities.

Items to be addressed by the Operation and Management Agreement would include, but not be limited to the following:

- 20-year term, that is proposed to align with the 20-year affordability period under the AHP Guidelines
- The AHP funding requirements
- Permitted uses of the property and management requirements
- Use of operating surpluses by the group after internal subsidized units are funded
- Restrictions on assignment and subletting
- Insurance and indemnification requirements
- Obligations for repair and maintenance
- Financial, reporting and audit requirements
- Rules respecting the continued not for profit status of Wisma
- Dispute, termination and break provisions
- Tenant selection, affordability rules, and monthly occupancy costs

The Operation and Management Agreement outlines all legal and reporting requirements and will be monitored by Human Services Service System Management. Wisma is required, at its own cost and expense, to maintain and operate the Creditview and Eglinton complex to the standard of a prudent business person and in accordance with Regional standards. All repairs and maintenance are to be carried out promptly, by Wisma, using suitable and Regionally approved materials and supplies. As a transitional solution, RPM aims to offer facility management assistance to Wisma until they gain the capacity to manage the Creditview and Eglinton complex independently. Given the noted provisions and RPM's involvement, the Region's risk associated with entering into a partnership with the above mentioned community group is minimal.

In order to facilitate the transfer of operation and management responsibilities to Wisma for 20 years as proposed in the Operation and Management Agreement, staff recommends that authorized signing officers of Wisma be granted the authority to execute any agreements and ancillary documents required for the operation, maintenance and management of Creditview and Eglinton on behalf of the Region of Peel.

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ii) Business Model

Once the building is operational, and the Operation and Management Agreement is fully executed by both parties, it is the Region's requirement that Wisma be responsible for payment of capital loan/internal borrowing and maintaining an operating break-even position at Creditview and Eglinton without any ongoing operating subsidy from the Region of Peel. The Region of Peel, as Service Manager, will provide direct support to Wisma through consultation and guidance on applicable legislations, regional policies and program operating procedures.

The operating funding model employed at the Creditview and Eglinton building complex will create a self-sustainable operation with revenue being generated through the proposed tenant mix combined with rent supplement and a property tax subsidy.

As noted, the provincial infrastructure grant combined with AHP funding will result in an estimated operational surplus of \$500,000 annually. This surplus will be used to facilitate and manage the creation of an internal rental subsidy program for 100 units at Creditview and Eglinton.

To increase access to appropriate affordable housing, as per Term of Council Priority 7, the Region of Peel, in its service system manager role, will commit, a potentially time limited, rent supplement for thirty-five rental units at Creditview and Eglinton. The rent supplement allocation, together with the Creditview and Eglinton internal rental subsidy program for 100 units, will be made available to eligible households from the centralized wait list.

As per the requirements of the Canada-Ontario New Affordable Housing Program (2003), the Region entered into an Affordable Housing Contribution Agreement to provide AHP funding for the Creditview and Eglinton Affordable Housing Project which includes a grant in lieu of a tax adjustment for the twenty year affordability period in compliance with the AHP requirement that the general property tax applicable to the units built under AHP are equivalent to the single-residential rate for the area.

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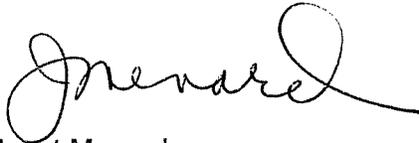
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CONCLUSION

Creditview and Eglinton is a milestone project for the City of Mississauga as it is the first affordable housing development built since 1995. This project provides 250 units of needed affordable housing and will include 6,000 square feet of community space.

As collaboration is central to service system management delivery, it is important to engage community stakeholders (e.g. non-profit housing providers) in the development and implementation of housing affordability options.

To facilitate timely delivery of these much-needed affordable housing units, and to engage community stakeholders in the operation and management of affordable housing units in the Region, it is recommended that Council approve the negotiation and execution of the necessary Operation and Management Agreement.



Janet Menard
Commissioner of Human Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

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