REPORT
Peel Living

DATE: December 16, 2010
REPORT TITLE: TWIN PINES REVIEW
FROM: Mwarigha M.S., General Manager, Peel Living

RECOMMENDATION
That staff review the request by the Cedar Grove Residents' Community Corporation to extend the security of tenure provided to the residents of the Twin Pines Mobile Home Park, pursuant to its agreement with Peel Living dated November 26, 1996, together with a review of alternatives and relevant implications and report back to the Board with recommendations;

And further, that the Terms of Reference attached as Appendix I to the Report of the General Manager, Peel Living dated December 16, 2010, entitled “Twin Pines Review” be endorsed for the purpose of establishing the framework for the review.

REPORT HIGHLIGHTS
- Peel Living purchased the Twin Pines lands in 1996.
- Twin Pines is a mobile home park within which 219 households reside in mobile homes owned by them, upon lots which they rent from Peel Living.
- At the time of purchase of the lands in 1996, Peel Living entered into an agreement with the residents association which guaranteed existing residents security of tenure for a period of 20 years, ending in 2016. Peel Living is accordingly prohibited from terminating tenancies for the purpose of redeveloping the lands for other uses prior to that time.
- The residents association has requested that Peel Living extend the security of tenure until the year 2030.
- The request gives rise to the need for a thorough review and consideration by staff and the Peel Living Board.
- Staff recommend the commencement of a full review process, to be conducted within the framework of the attached Terms of Reference, to enable staff to make future recommendations on this matter to the Board.

DISCUSSION
1. Background

In 1996, Peel Living became the owner of the Twin Pines Mobile Home Park (formerly Cedar Grove) located at 1749 Dundas Street East, Mississauga, Ward 3. Twin Pines is a 23-acre home for 219 households (primarily senior citizens) and provides affordable
housing as an alternative to traditional rented or owned housing options. Residents own their manufactured homes and rent the land upon which their units are located from Peel Living.

Peel Living purchased the Twin Pines lands in 1996 in order to avoid imminent redevelopment by the then current owners, which would have caused immediate hardship to the tenants at the time. In conjunction with the purchase, Peel Living entered into an agreement with the resident’s association, known as the Cedar Grove Residents’ Community Corporation (“Cedar Grove”). The agreement recites that it was entered into by Peel Living at the request of the residents of the park as a means of assisting them in their problems with the previous owner of the park respecting that owner’s imminent proposal to terminate the residents’ tenancies and redevelop the lands. The agreement also recites that Peel Living might not have purchased the lands if it could not ultimately re-develop the lands on which the park is situated.

a) Security of Tenure

One of the key provisions of the agreement provides that all residents who occupied their units when Peel Living became the owner in 1996 were given security of tenure for a period of 20 years, ending October 1, 2016. This means that Peel Living would not be entitled to use its right to terminate the tenancies of these residents for the purposes of redeveloping the lands, before October 1, 2016.

b) Financial Arrangements

The financing of the Twin Pines purchase by Peel Living was done through a traditional mortgage. In addition to this, Cedar Grove provided to Peel Living a $1M loan, the entire principle of which is to be repaid in 2017. Interest payments on the loan are payable by Peel Living to Cedar Grove annually, pursuant to the terms of the agreement. Tenancy agreements entered into by Peel Living directly with tenants set breakeven rents at rates to cover all operating costs, including amortization of mortgage.

c) Request by Cedar Grove

In March, 2010, Cedar Grove made a request to Peel Living representatives, requesting that the security of tenure provided for in the agreement to the year 2016 be extended to the year 2030. The request essentially means that Peel Living would not be entitled to re-develop or make other uses of the lands before October 1, 2030. Cedar Grove also requested that the interest payments on the loan payable by Peel Living to Cedar Grove annually be increased. In exchange, Peel Living would be entitled to defer repayment of the $1M loan from 2017 to the year 2030.

2. Proposed Direction

The request made by Cedar Grove requires thorough and respectful consideration. In order to thoroughly assess the request and to evaluate it relative to other alternatives, staff propose undertaking a full review of the matter. The review will enable a thorough consideration and evaluation of the request, the identification and evaluation of alternatives and the relevant implications of all. The review will ultimately enable staff to develop recommendations to the Peel Living Board regarding the request made by Cedar Grove.
3. Terms of Reference

In order to establish the framework for the review, staff have prepared Terms of Reference, which are attached as Appendix I to this Report. Staff have consulted with the Cedar Grove Board and the Twin Pines residents in developing the Terms of Reference, and their comments have been incorporated. As outlined in the Terms of Reference, the review process contemplates consultation with Cedar Grove, the Twin Pines residents, the local community, the affordable housing community, members of Regional Council and the Peel Living Board of Directors. The Terms of Reference also outline the timelines for the review process. It is anticipated that recommendations to the Peel Living Board may be presented by summer of 2011. More detailed timelines respecting the review process are outlined in the attached Terms of Reference.

FINANCIAL IMPLICATIONS

The review will utilize a combination of internal & external staff resources. Financial implications related to the review process will not exceed $15,000 and can be accommodated within the Peel Living operational budget.

CONCLUSION

Cedar Grove’s request that Peel Living extend the security of tenure provided for pursuant to their agreement with Peel Living raises important issues requiring a thorough review. In order to give the request respectful and thorough consideration, and to enable staff to make recommendations to the Board, it is recommended that the Board authorize the commencement of a review process and endorse the Terms of Reference attached as Appendix I.

Mwarigha M.S.
General Manager, Peel Living

Approved for Submission:

D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact
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File 21377  PCG/jlb
BACKGROUND

1. Twin Pines Mobile Home Park (the “Park”) is a multi unit mobile home park comprising 219 mobile home units located at 1749 Dundas Street East in the City of Mississauga.

2. Peel Housing Corporation (“Peel Living”) is the owner of the Cedar Grove Mobile Home Park as a successor to the Peel Non-Profit Housing Corporation. Peel Housing Corporation and Peel Non Profit Housing Corporation operate or have operated as “Peel Living”.

3. Cedar Grove Residents’ Community Corporation (the “Corporation”) is a not for profit corporation incorporated under the Corporations Act (Ontario), the members of which are owners of mobile homes in the Park. The owners of units in the Park rent the land occupied by their units from Peel Living.

4. The Agreement was entered into in conjunction with the acquisition of the Park by Peel Living.

5. The Agreement recites that it was entered into by Peel Living at the request of the residents of the Park as a means of assisting them in their problems with the previous owner of the Park respecting that owner’s proposal to terminate the residents’ tenancies and ultimately redevelop the lands. The Agreement further recites that Peel Living “might not have entered into this transaction if it cannot ultimately redevelop the lands on which [the Park] is situated”. The Agreement accordingly recognizes the interest of the residents in the security of their tenure and the interest of Peel Living in the potential redevelopment of the lands.

6. In a key provision of the Agreement, Peel Living agrees that it will not use its rights to terminate the tenancy of an original tenant (determined as of September 4, 1996) for purposes of the redevelopment of the land, before October 1, 2016 (the “security of tenure provision”).

7. The Agreement also provides for a loan by the Corporation to Peel Living of $1M bearing annual interest at the lesser of 1 percent of the outstanding balance and $5,000. The outstanding balance as at the date of these terms of reference remains $1M hence the annual interest payable under this provision continues to be $5,000.

8. The Corporation has requested of Peel Living that the security of tenure provision be extended from its present termination date of October 1, 2016 to a new termination date in the year 2030. The Corporation has also requested of Peel Living that the repayment date of the $1M loan by the Corporation to Peel Living be extended from the year 2017 to the year 2030 and that the interest payable on the loan by Peel Living be increased above the $5,000 per annum amount currently payable.
9. In response to the requests of the Corporation, Peel Living has indicated that it wishes to undertake the review of the Agreement contemplated in these terms of reference.

THE REFERRAL

10. The objectives of this referral are:

   a) To give the request by the Corporation to Peel Living a respectful and thorough consideration;
   b) To identify and consider a full range of alternatives for the future relationship of Peel Living to the Corporation; and
   c) To develop recommendations to the Peel Living Board of Directors regarding relevant findings, including the recommendation of a response to the requests of the Corporation.

11. The referral is made by Peel Living by means of the endorsement of these terms of reference by the Board of Directors of the Peel Housing Corporation. The referral is to a project team comprised of the following:

   a) M. Mwarigha, General Manager of Peel Living: Chair of the Project Team;
   b) Patricia Caza, Legal Advisor;
   c) Xiaoya Feng, Finance Advisor;
   d) Dee Karski, Policy Advisor;
   e) Jeff Smith, Real Estate Advisor;

12. The Project Team's review will be facilitated by an externally retained Project Review Facilitator. The Project Review Facilitator will ensure that relevant information is made available to the Project Team and will facilitate consultation by the Project Team with the Corporation and residents of the Park. The Project Team may draw upon the services of additional internal and external resources where additional resources and/or specific subject matter expertise is required, as necessary.

13. The Project Team will have access to the guidance of a Steering Committee consisting of:

   a) The Chief Administrative Officer;
   b) The Commissioner of Human Services; and
   c) The Treasurer.

14. The Steering Committee and the Corporation will have an opportunity to review and comment on a report of the Project Team to Peel Living's Board of Directors, prior to its submission.

PROCESS AND TIMELINES

15. Communications between the Corporation and Peel Living shall be conducted in accordance with the communications protocol set out in correspondence from Senior Legal Counsel Patricia Caza on behalf of Peel Living to the Corporation's Solicitor Mr. Daniel Ferguson dated October 27, 2010. The communications protocol is attached as Appendix "A" to these Terms of Reference. Additionally, communications regarding facilitation of the review may be directed through the Project Review Facilitator.
16. The Project Review Facilitator shall ensure that consultation is facilitated between the Project Team and:

   a) The Corporation;
   b) The Residents;
   c) The Local Community;
   d) The Affordable Housing Community; and
   e) Interested Members of the Council of the Regional Municipality of Peel and the Peel Living Board of Directors in their individual capacity.

17. In conducting its review under the referral, the Project Team may consider any matter it deems relevant and shall have regard for:

   - The aspirations of the Corporation and of the residents for the preservation of the community;
   - The broader public interest in the use of the land for affordable housing;
   - The marketability of units;
   - The access of residents to financing for units;
   - Public interest in revenue generated from use of the land, including rent;
   - Operating costs and the costs of sustaining infrastructure at the Park;
   - The inter-relationship between security of tenure and the creation or loss of equity in the units; and
   - The additional factors specifically requested by the Corporation for consideration, attached as Appendix "B".

18. The Project Team shall use its best efforts to observe the following timelines:

   - December 2010 – Conduct initial consultation respecting the terms of reference.
   - January 2011 – Provision of the terms of reference to the Board of Directors of Peel Living for endorsement.
   - April 2011 – Deliberation in preparation of a draft report including consultation.
   - May 2011 – Circulation of a draft report for purposes of consultation and receipt of feedback.
   - Summer 2011 – Presentation of recommendations to the Board of Directors of Peel Living.
APPENDIX “A”

COMMUNICATIONS PROTOCOL

- All communications of a legal nature shall be communicated directly between legal counsel for Peel Living and the Corporation.

- All other communications between the Corporation and Peel Living shall be communicated between the President of the Corporation’s Board and the General Manager of Peel Living. Peel Living’s Manager of Resident Services shall also be available as an additional contact to the Corporation.

- All tenant-based issues or inquiries will continue to be communicated utilizing the existing, established protocol. The Resident Representative is the primary contact for all tenants and can be reached at (905) 453-4900. Peel Living will communicate all necessary information regarding the review process to the Corporation’s Board, as well as to tenants.

- All regular tenant maintenance inquiries will continue to be directed through the call-line (905) 790-7335.

- All inquiries pertaining to specific correspondence from Peel Living shall be directed to the contact specified in the correspondence.
In conducting the review, the Project Team shall have regard for the following additional considerations specifically requested by the Cedar Grove Residents Community Corporation:

- the impact of not having security of tenure on the Residents and Community, having regard, in particular, to the demographics, socio-economic circumstances, health status and various family structures within the Park and its Residents;

- an assessment of the Park's model as a prototype model for the delivery of social housing (and a comparison to other models), with the specific consideration of how "investing" residents with an equity contribution in the undertaking impacts the Community and the delivery of social housing;

- what will be the long-term and short-term impacts on the infrastructure of the Park (both common areas and personal property of the individuals) in taking away the equity contribution and long-term commitment to the Park;

- a review of the costs associated with dealing with displacement, if displacement is to occur, and, if not, the costs associated with avoiding such a displacement.