



	REPORT No.: 2018-54
MEETING DATE: SEPTEMBER 18, 2018	DATE PREPARED: AUGUST 27, 2018
SUBJECT: PROJECTS IN DIFFICULTY – THUNDER BAY DEAF HOUSING AND GREEK ORTHODOX COMMUNITY OF THE HOLY TRINITY NON PROFIT HOUSING CORPORATION	

RECOMMENDATION

For Information Only.

REPORT SUMMARY

To provide the Board with information relative to the classification of Thunder Bay Deaf Housing and Greek Orthodox Community of the Holy Trinity Non Profit Housing Corporation as Projects In Difficulty (PID).

BACKGROUND

The *Housing Services Act, 2011* and associated regulations govern the relationship between the Service Manager and the Not-For-Profit Social Housing providers, including roles and responsibilities. Operating agreements for the federal Not-For-Profit Social Housing providers were transferred to the Service Manager by way of Transfer Orders as prescribed in legislation. In both cases, the Service Manager funds and provides systematic monitoring processes while housing providers own and manage the day-to-day operations of the portfolio through their Board of Directors.

COMMENTS

Under the rules established through the *Housing Services Act, 2011*, The District of Thunder Bay Social Services Administration Board (TBDSSAB) has formally declared, by way of letter to the Minister of Municipal Affairs and Housing, Thunder Bay Deaf Housing and Greek Orthodox Community of the Holy Trinity Non Profit Housing Corporation as Projects in Difficulty due to financial difficulties that could result in mortgage default.

This action has triggered mandatory quarterly financial reporting to the Ministry of Municipal Affairs and Housing (MMAH) and will result in the development of a remediation plan to correct this issue. For example, the remediation plan may include additional financial investment for the project, assistance in administration of the project, or could lead to a replacement of the Board if no plan can be arranged.

Thunder Bay Deaf Housing

Thunder Bay Deaf Housing is located at 501 Kingsway Avenue, Thunder Bay and is a two-storey walk-up containing four units on each floor. This project accommodates deaf persons and the units and common areas have been outfitted with strobe systems to announce fire alarms, phones and entrance bell. The building was constructed in 1993 and the mortgage is due to expire in 2028.

Thunder Bay Deaf Housing has been an increasing concern for TBDSSAB due to the housing provider's accumulated deficit (-\$20,865) and insufficient capital reserve (\$14,066). TBDSSAB has been monitoring Thunder Bay Deaf Housing through quarterly financial reports but the housing provider has failed to reduce/eliminate their accumulated deficit.

TBDSSAB Administration identified this project as a PID in Board Report 2018-41 that was included in the June 28, 2018 Board Regular session agenda. Following extensive discussion and meetings, the Board of Thunder Bay Deaf Housing provided a remediation plan to TBDSSAB. The remediation plan submitted notes steps that will be taken to save costs related to maintenance, landscaping and other miscellaneous small cost saving measures. However, these savings are marginal and will not drastically improve the current PID designation. Further discussions have taken place to outline directions that would have a greater impact on operations.

As this property is the smallest in the Not-For-Profit Social Housing portfolio (8 units) there are a limited number of options available to explore in order to improve the financial outlook for this property. However, in order to ensure the viability of this project going forward, TBDSSAB Administration will be meeting with the Chair and Board of Thunder Bay Deaf Housing on September 10, 2018 and will provide three (3) options for their consideration:

1. Submission of a ten (10) year Operating and Capital Plan (which could include application to the Not-For-Profit Housing Provider Loan Program), and the continuation of quarterly financial reporting;
2. The amalgamation of Thunder Bay Deaf Housing with a larger Not-For-Profit Social Housing Provider that will utilize economies of scale to ensure the financial strength of this project;
3. The transfer of the Thunder Bay Deaf Housing asset to TBDSSAB to continue to manage as a Social Housing property for the benefit of the Thunder Bay Deaf community.

Pending the outcome of this discussion, a revised remediation plan will be established, with detailed steps to address the concerns of this project. Throughout the remediation, TBDSSAB Administration will play an active role with the Thunder Bay Deaf Housing Board.

Greek Orthodox Community of the Holy Trinity Non Profit Housing Corporation

Greek Orthodox Community of the Holy Trinity Non-Profit Housing Corporation (Hellenic Village) is located at 700-758 Athens Drive, Thunder Bay. This 50-unit family complex consists of 6 blocks of townhouses, 48 three bedroom units and 2 two bedroom units with a play structure and parking in the centre. The project was constructed in 1991 and the mortgage is due to expire in 2027.

Hellenic Village has been an increasing concern for the TBDSSAB due to the housing provider's capital reserve deficit (\$33,861) and low accumulated surplus \$6,286.

TBDSSAB Administration met with the Board Chair and the Treasurer on August 8th, 2018 to discuss the issues impacting Hellenic Village. The Chair and the Treasurer were receptive and demonstrated a commitment to work through the issues to ensure Hellenic Village becomes sustainable. The Hellenic Village Board have since met with their Property Manager to address a number of reporting and compliance issues identified by TBDSSAB Administration.

The Board of Hellenic Village have provided a remediation plan to TBDSSAB. The remediation plan submitted notes steps that will be taken to save costs related to maintenance, landscaping and other miscellaneous small cost saving measures. However, these savings are marginal and will not drastically improve the current PID designation. The Board of Hellenic Village has committed to a series of ongoing meetings with TBDSSAB Administration to continue to work through a remediation plan. This plan will include the submission of a ten (10) year Operating and Capital Plan (which will include application to the Not-For-Profit Housing Provider Loan Program), and the continuation of quarterly financial reporting.

FINANCIAL IMPLICATIONS



There are no immediate financial implications resulting from this report.

CONCLUSION

It is concluded that this report provides the Board with information relative to the classification of Thunder Bay Deaf Housing and Greek Orthodox Community of the Holy Trinity Non Profit Housing Corporation as PIDs.

REFERENCE MATERIALS ATTACHED

None.

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