



	REPORT No.: 2021-52
MEETING DATE: OCTOBER 21, 2021	DATE PREPARED: SEPTEMBER 17, 2021
SUBJECT: DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD HOME OWNERSHIP PILOT UPDATE	

RECOMMENDATION

For information only.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information concerning the District of Sault Ste. Marie Social Services Administration Board Home Ownership Pilot.

BACKGROUND

At the September 26, 2019 meeting, the Board received a memo from Board Member Ruberto with an attached media story on the District of Sault Ste. Marie Social Services Administration Board (DSSMSSAB) pilot project to assist low-income workers attain home ownership. Following a discussion, Administration was directed to research the different possibilities for developing housing to fill some of the need for single housing units and report back to the Board in the spring of 2020. With the impact of COVID-19, this report is now coming forward.

The aim of the DSSMSSAB project is to address the economic barriers to home ownership among low-income households. Under the pilot project, DSSMSSAB will purchase lower priced market homes, or those offered through a City of Sault Ste. Marie tax sale, renovate them to current standards and sell them to qualifying social service recipients, at a cost recovery basis. City council would approve the tax sale purchase of the home for \$1, where appropriate, and the DSSMSSAB Ontario Works Department will engage in a special project to find participants to aid in the house renovations. Tax sale homes would need to meet the program requirements and if the renovations are cost prohibitive, they would not be considered. It was estimated that up to 90 individuals would be trained annually in home renovations and construction, through a relationship with Sault College.

DSSMSSAB will allocate up to \$10,000 as a deed registered 10-year home ownership forgivable loan to the recipients, as a down payment for a new purchaser. If the program ensures a cap of \$118,000 is kept on the selling price of the homes, many low-income

earners can qualify for a mortgage and the program will help them build equity into their purchase. DSSMSSAB provides the option if the household wishes for financing established through a local bank for a 5-year term. The purchaser must sign a guarantee that allows for DSSMSSAB to take over the home if the mortgage is defaulted. DSSMSSAB places a lien on the property for \$10,000 for 5 years. This ensures the home cannot be sold in the first 5 years and the household takes advantage of the equity. The goal is for the household to be able to arrange for their own financing after 5 years.

DSSMSSAB requested \$600,000 in one-time funding from the Province of Ontario to support the creation of the low-income home ownership program. The province approved this request and provided one-time start-up funding. In addition, DSSMSSAB contributed \$300,000 to this pilot.

As of the end of August 2021, DSSMSSAB has completed and sold 1 home and has 2 currently under renovation. The impact of COVID-19 pandemic on the real estate market in Sault Ste. Marie has resulted in fewer homes available under the \$118,000 target.

COMMENTS

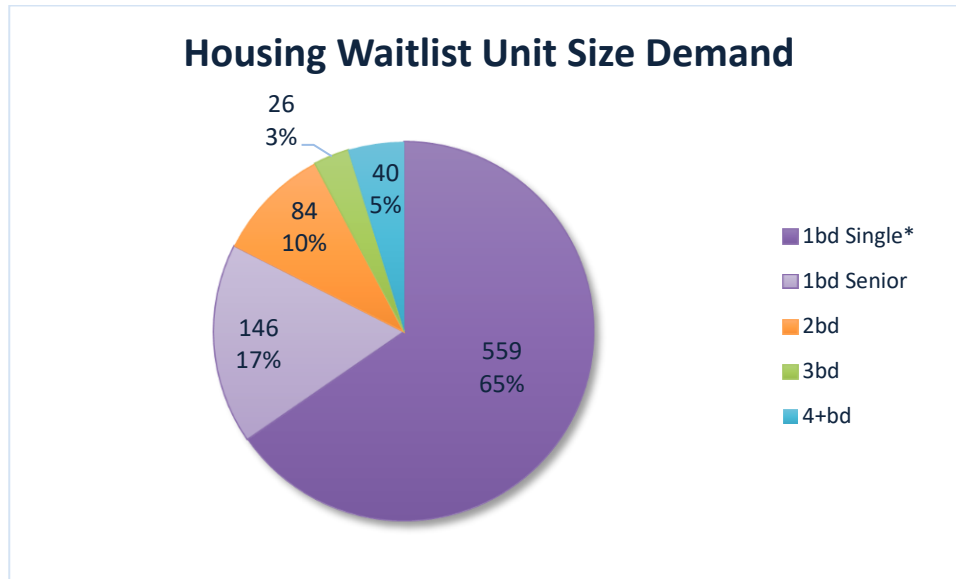
TBDSSAB does not currently have a strategy to target home ownership. The focus has been directed towards the provision of low-cost housing and housing with supports to individuals who have applied for and are eligible for community rental housing.

At the March 26, 2015 Board meeting, the Board was presented with a 10 Year Housing and Homelessness Plan for Housing Targets (Report No.: 2015-20). This plan looked at the future need for affordable housing in each community within the District of Thunder Bay and established projections for housing targets. The updated plan has been presented to the Board several times, with the most recent update presented at the March 21, 2019 meeting (Report No.: 2019-16). In this most recent update, the projection for demand for single RGI units expanded by a proposed 25 units, while there was a reduction expected in seniors and family RGI units. This pattern of expected growth for single RGI units and reduction in seniors and family RGI units was consistent across most communities in the District.

TBDSSAB has looked to align the current housing portfolio stock with the projected future needs. From 2016 through 2019, TBDSSAB has sold a total of 33 family-sized homes and invested the proceeds in the Capital Regeneration Reserve Fund for future development of single-sized units. Homes in the Savant Lake (Report No.: 2017-62) and Upsala (Report No.: 2017-73) communities were sold to existing tenants at an affordable price. Homes in Nakina and in the City of Thunder Bay were vacant at the time of sale and were offered to the market at fair market value.

In August 2021, there was a total of 855 applications for community housing on the waitlist. Of those applications, 66 were requesting 3-bedroom or larger units, while 705 were requesting 1-bedroom units and 84 were requesting 2-bedroom units.

The following chart identifies the demand for housing based on unit size:



At the June 17, 2021 meeting, the Board received a report (Report No.: 2021-24) detailing the most current information on the Bertrand Court Regeneration Strategy. This planned redevelopment of the Bertrand Court site will replace a 12-unit row housing structure with a 4 story, 43-unit development containing 1 and 2-bedroom units. It is anticipated that further redevelopment of this site will move forward and will include several new structures, with the final total being dependant upon funding arrangements. The aim of this property redevelopment is to establish expanded 1 and 2-bedroom units to meet the current and future demand for affordable housing.

Administration is aware of the City of Thunder Bay’s 2021 Tax Sale Public Tender listing and has reviewed the listed properties for suitability in meeting current housing needs. Administration is not aware of tax sale opportunities in other municipalities within the District of Thunder Bay. Should the Board direct, Administration would reach out to all 15 municipalities to determine current and future interest in procuring tax sale properties for \$1 (or nominal value) for the purpose of engaging in a home ownership program for low-income worker households. From this, a policy and strategy could be developed.

At this time, it is recommended that TBDSSAB maintain the current focus on the provision of affordable rental housing and targeting new development to reach the highest demand 1-bedroom units. TBDSSAB should also continue to seek interest in the creation of affordable housing by interested third parties, and support through federal and provincial funding as available. Administration will continue to follow the DSSMSSAB pilot and revisit the opportunity to establish a similar model at a later date.

FINANCIAL IMPLICATIONS



There are no immediate financial implications associated with this report.

CONCLUSION

It is concluded that this report provides the Board with updated information on the District of Sault Ste. Marie Social Services Administration Board’s Home Ownership Pilot, and detail on TBDSSAB’s strategy to increase the supply of 1-bedroom housing units to meet the current and future demand for community housing.

REFERENCE MATERIALS ATTACHED

Attachment #1 Memorandum to Board, dated August 29, 2019, from Aldo Ruberto, Board Member

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



**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Our File No.: SSB-10

Memorandum

Date: August 29, 2019
To: Bill Bradica, Chief Administrative Officer
From: Aldo Ruberto, Board Member
Subject: **Sault Ste. Marie DSSAB Home Ownership Pilot**

Further to the email that I forwarded to you with information regarding the Sault Ste Marie DSSAB's proposed Home Ownership Pilot, I ask that the information be added to the September 26, 2019 Regular Board Meeting Agenda as an item for discussion.

Sincerely,

Original signed by

Aldo Ruberto
Board Member

AR/gf

Enclosure: Article from Sault Today

Copy to: Lucy Kloosterhuis, Board Chair

Pilot project aimed to help low income workers attain home ownership

A new pilot project is being launched to help low income earners own their own home. The program is a partnership between several organizations that also trains Ontario Works recipients to provide them with job marketable skills, improves local neighbourhoods and increases property tax revenue for the city.



Elaine Della-Mattia

[More from Elaine Della-Mattia \(https://www.saultstar.com/author/edella-mattia\)](https://www.saultstar.com/author/edella-mattia)

Published on: August 19, 2019 | Last Updated: August 19, 2019 3:51 PM EDT



A new pilot program is designed to help rejuvenate stagnant neighbourhoods, offer home ownership and increase city property tax revenue.

A pilot project is being launched to help members of the working poor attain home ownership.

Sault Ste. Marie's District Social Services is providing one-time Investing In Change funding of \$299,000 and partnering with the local housing

corporation, Ontario Works Construction Employment Program and the City of Sault Ste. Marie to help low income earners buy their own home.

It's a project that has been top of mind for Ward 2 Coun. Luke Dufour since he began campaigning in 2016 and he has worked at developing the project for almost a year.

Social services has created a model that addresses issues and barriers to home ownership and is currently applying for a one-time grant from the Ministry of Municipal Affairs and Housing for seed money to spur the initiative.

The request was made to the ministry at this week's Association of Municipalities of Ontario conference in Ottawa, said Mike Nadeau, CEO of Social Services.

The request was one-time funding of \$600,000, Nadeau said.

The Northern solution is a model that can be adapted to any Northern Ontario community that has similar downtown issues that include run down or stagnant neighbourhoods that need rejuvenation, he said.

Nadeau hopes that once the project is up and running, six homes a year can be purchased, renovated and sold to low income earners.

Under the pilot project, social services will target neighbourhoods with average assessment values under \$100,000. It will purchase lower priced homes, or those offered through a City of Sault Ste. Marie tax sale, renovate them to current standards and sell them to qualifying social service recipients.

The renovations will be completed by Ontario Works Construction Employment Program, which assists participants in building the skills they require to obtain employment in the construction industry.

But the program won't grow overnight, warns Jeff Barban, director of housing services.

City council will be required to approve the tax sale purchase of the home for \$1 and Ontario Works will need to reconfigure its program and find participants to aid in the house renovations.

Dufour anticipates the Ontario Works program will be remodelled to provide participants with more direct experience renovating homes, which in turn provides them with even more marketable skills to obtain private-sector employment.

Once a home is renovated and up to standards, Sault Ste. Marie Housing Corp. will sell the homes with the significant capital upgrades to low income individuals and families at a cost recovery basis.

Barban said the roll-out criteria for qualifying to purchase the home – and maintain it – still need to be developed and will be as the program moves forward.

“We anticipate that the first roll out will take a little longer, because we will need to work out a few of the bugs, but it could take up to a year,” he said.

Housing services will also allocate up to \$10,000 as a deed registered 10-year home ownership forgivable loan to the recipients through federal or provincial funding.

A report presented to the DSSAB earlier this month suggests an individual/family making \$32,000 per year (\$15.38 per hour) requires a \$10,000 down payment to purchase a \$100,000 home. Those homes usually require additional investment to bring to standard and low income earners often can't do that while maintaining a net positive equity status, Barban's report states.

Social services is currently purchasing a tax sale home from the city for \$1 and it will be the first home to be renovated under the pilot project. Other homes may be purchased in different ways, depending on the availability of funds.

Dufour anticipates the upgrades to the home will increase the assessment value of that unit, which in turn provides more revenue to the city through the collection of property taxes.

The home would be sold to a qualifying low income recipient or family at a lower than market rate, providing them with initial home equity.

Supports and follow ups will ensure the recipients adapt to home ownership.

"This is a win for the city, a win for the DSSAB and a win for Ontario Works clients and our clients who dreamed of home ownership," Barban said.

Partnership amongst the various organizations makes it a unique pilot program, he said.

It's expected the purchase of the first home will receive approval by city council at its Sept. 12 council meeting.

Dufour said he also hopes the program will increase assessment values of neighbourhoods in Sault Ste. Marie that have been reduced or have remained stagnant for years, he said.

The first-term councillor said he was struck by a story told to him by a ward 2 resident during the election campaign. The resident was a third-generation tenant of the same home, operated by the same private landlord and that family couldn't afford to purchase a home.

"I've always wanted to look for opportunities to provide a ladder up for that low income working class and I think this program will help," he said. "The niche here is that the program targets low income employed who can't save for a down payment for a house but their rent and subsidy would be enough for operating expenses home ownership requires."

Dufour said that if the program ensures a cap of \$100,000 is kept on the homes, many low income earners can qualify for a mortgage and the program will help them build equity into their purchase.

"It also helps the city's eco system because when you buy a property for \$1 through a tax sale there is negative pressure on the market. But once a home is rehabilitated and it's sold for what we put into it, the new price will reflect the renovation and boost the real estate prices in the area, helping the entire neighbourhood," he said.

Dufour said the goal of the program is to completely break even so that the money can continue to be reinvested in other homes. It also increases assessment values of previously reduced homes and generates property taxes for the municipality.

"I hope this helps people understand that when we lift the lowest in our city, we are lifting all of us," he said. "I'm super excited about the social

benefits it offers to social service recipients and to neighbourhoods that need a boost the most."

Comments

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