



## BOARD REPORT

REPORT No.: 2022-27

MEETING DATE: MAY 19, 2022

SUBJECT: PROJECTS IN DIFFICULTY - UPDATE

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### RECOMMENDATION

For information only.

### REPORT SUMMARY

To provide the Board with information on the status of the Not-for-Profit Community Housing Provider Projects in Difficulty and information on those which are of concern.

### BACKGROUND

The *Housing Services Act, 2011* (HSA) and associated regulations govern the relationship between the Service Manager and the Not-For-Profit Community 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.

Under Section 72(2) of the HSA, a Not-for-Profit Community Housing Provider may be designated as a Project in Difficulty (PID) if:

- (a) the mortgage described in clause (1) (b) is in default.
- (b) the Service Manager is of the opinion that, because of the financial position or the projected financial position of the housing provider, either of the following is likely to happen within 12 months after the end of the current fiscal year of the housing provider,
  - (i) the mortgage described in clause (1) (b) will go into default, or
  - (ii) the housing provider will fail to meet a substantial financial obligation.

or

- (c) the Service Manager is of the opinion that the housing provider has failed to comply with a substantial obligation under this Act, 2011, c. 6, Sched. 1, s. 72 (2).

At the September 18, 2018 meeting, the Board received a report (Report No.: 2018-54) outlining two Not-for-Profit Community Housing Providers, Thunder Bay Deaf Housing and Greek Orthodox Community of the Holy Trinity Non-Profit Housing Corporation, as PIDs due to financial difficulties that could result in mortgage default. The Ministry of Municipal Affairs and Housing was notified, and remediation plans and enhanced reporting were established.

## **COMMENTS**

Following is information related to the two current PIDs and on two housing provider projects of concern.

### **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 the entrance bell. The building was constructed in 1993 and the mortgage is due to expire in 2028.

Thunder Bay Deaf Housing was an increasing concern for TBDSSAB due to the housing provider's accumulated deficit and insufficient capital reserve. TBDSSAB Administration had worked with Thunder Bay Deaf Housing to seek to reduce/eliminate their accumulated deficit and explore options for the property.

As this property is the smallest in the Not-For-Profit Social Housing portfolio (8 units) there were a limited number of options available to improve the financial outlook for this property. However, Administration continued to work with Thunder Bay Deaf Housing to review options and it was ultimately determined that a transfer in ownership of the property was the best solution for the tenants and Thunder Bay Deaf Housing Board.

At the October 21, 2021 meeting, the Board received a report in Closed Session (Report No.: 2021CS-09) seeking consent for the transfer of this property to Ontario Aboriginal Housing Services (OAHS). Consent was received, and the transaction completed on December 23, 2021. Administration will continue to work with OAHS to ensure the appropriate investment and operational standards are achieved, to support the long-term viability of this project.

As a result of the transfer of this property to OAHS, Administration will seek to finalize all outstanding issues with this property. Once confirmed, a request to remove the designation of a PID will be presented to the 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 TBDSSAB Administration due to the housing provider's high vacancy rate and slow commitment to establishing a long-term plan. This property has seen a continued growth in the number of vacant units, despite the waitlist for these rent geared to income units. TBDSSAB Administration has met with the Board Chair and the Treasurer to discuss the issues impacting Hellenic Village. The Chair and the Treasurer were receptive to working through an improvement strategy and demonstrated a commitment to address 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 current remediation plan to TBDSSAB and have begun to address the vacant units. The Board of Hellenic Village has committed to continuing to work through the remediation plan and provide a 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. Administration will continue working with the Board to monitor performance and identify areas of concern.

Though not designated as PIDs at this time, there are two Not-for-Profit Community Housing Providers that Administration is working closely with to support the stability and viability of the projects.

## **Geraldton Native Housing Corporation**

The Geraldton Native Housing Corporation (GNHC) owns 33 single family homes, all located in Geraldton (Greenstone). The homes were constructed between 1986 and 1993, with the mortgage for 15 homes having expired in 2021, another mortgage for 15 homes due to expire in 2024 and the mortgage for the final 3 homes due to expire in 2028.

GNHC was established in 1986 to engage with the Canada Mortgage and Housing Corporation (CMHC) for the creation of housing for low- and moderate-income families and individuals in the municipality of Geraldton (now Greenstone). Agreements were established between GNHC and CMHC under the *National Housing Act*, which provided support to build housing and operational subsidies to assist with costs and rent supports. These agreements fall under the federal Urban Native Housing Program.

TBDSSAB, as the designated Service Manager in the District of Thunder Bay, is responsible for funding and administering the Social Housing programs transferred pursuant to the *Social Housing Reform Act, 2000*, and, subsequently, the *Housing Services Act, 2011 (HSA)*. Federal and provincial funding is allocated annually to Service Managers to maintain and deliver community housing.

Over the past several years, board membership of GNHC has been declining, with members seeking to retire. In late summer of 2020, TBDSSAB was informed that the remaining board members of GNHC had also decided to resign. As a result, initiatives were undertaken to recruit new members for the board. An initial report (Report No.: 2021CS-01) was presented in Closed Session to the Board at the February 18, 2021 meeting. A subsequent report (Report No.: 2021CS-02) was presented at the March 18, 2021 Board meeting, in Closed Session, where the Board received information on the legal options to secure Board members for the GNHC.

At the July 15, 2021 meeting, the Board received a memo that included the nomination of 3 TBDSSAB Board members and 2 community nominees and a submission to the Superior Court of Justice to appoint these nominees.

With the new Board in place and new property management company as of January 1, 2022, efforts were undertaken to address the outstanding reporting and repair needs. New relationships have been established with the tenants and tenant records have been updated. The mid-range goal is to seek new Indigenous-led housing provider interest to assume the operation of the property to continue the provision of affordable housing.

Though the current operations of this provider have now stabilized, there are concerns regarding the lack of preventive and lifecycle maintenance of the homes, as well as the capital reserve position. Further plans are being established with this provider.

### **Red Rock Municipal Non-Profit Housing Corporation**

Red Rock Non-Profit Housing Corporation (RRMNPHC) is located at 30 Taylor Ave, Red Rock, Ontario and is a one-storey building with twelve seniors' units. The building was constructed in 1989 and the mortgage is due to expire in 2024.

RRMNPHC started to become a concern for TBDSSAB Administration in 2020 due to lack of the housing provider's required audited financial statements, information submissions and governance concerns. TBDSSAB has been monitoring Red Rock NPHC through operational reviews, and financial reporting for 2019. The 2020 financial reports are in draft format currently and have not yet been approved by RRMNPHC.

Communication has now moved directly with the Board Chair, to ensure awareness of actions if compliance not met. Administration participated in the March 17, 2022 RRMNPHC Board meeting to update the Board on requirements and next steps if financial reporting continues to be delayed.

## STRATEGIC PLAN IMPACT

This report relates to the Board's 2020-2023 strategic direction of Financial Stewardship, with a focus on ensuring accountability of TBDSSAB resources.

## FINANCIAL IMPLICATIONS



There are no immediate financial implications resulting from this report.

## CONCLUSION

It is concluded that this report provides the Board with updated information on the current Not-for-Profit Community Housing Provider Projects in Difficulty, the strategies in place to address the issues and information on providers who are of current concern.

## REFERENCE MATERIALS

None

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