



BOARD REPORT

REPORT No.: 2022-53

MEETING DATE: SEPTEMBER 15, 2022

SUBJECT: HOUSING PROJECTS IN DIFFICULTY - UPDATE

RECOMMENDATION

THAT with respect to Report No. 2022-53 (Integrated Social Services Division), we The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board), approve the removal of the designation of Project in Difficulty for Thunder Bay Deaf Housing Inc.;

AND THAT Red Rock Municipal Non-Profit Housing Corporation be declared as a Project in Difficulty and written notice of this status be provided to the Ministry of Municipal Affairs and Housing.

REPORT SUMMARY

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

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 federally-initiated 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.
- 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).

Should the service manager determine that a housing provider is in difficulty, written notification to the Minister is required under section 72(1) of the HSA.

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 or the failure to meet a substantial financial obligation. The Ministry of Municipal Affairs and Housing (MMAH) was notified, and remediation plans and enhanced reporting were established.

At the May 19, 2022 meeting, the Board received a report (Report No.: 2022-27) updating the status of the previously identified PIDs and identifying two additional housing providers which were of concern of becoming PIDs.

COMMENTS

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

Thunder Bay Deaf Housing

Thunder Bay Deaf Housing Inc. 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 Inc. was an increasing concern for TBDSSAB due to the housing provider's accumulated deficit and insufficient capital reserve. TBDSSAB

Administration 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 Inc. 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 has continued 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, and the stabilized financial situation for the project, Administration is recommending remove the designation of a PID. If approved, notification will be provided to MMAH. Ongoing support will continue with OAHS.

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.

At the September 18, 2018 meeting, the Board received a report identifying Hellenic Village as a Project in Difficulty due to an increasing concern for TBDSSAB Administration due to the housing provider's high vacancy rate and slow commitment to establishing a long-term plan (Report No.: 2018-54). 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 has been working through their remediation plan and have begun to address the vacant units. However, there are still 17 units that remain vacant. A new Board was elected and commenced leadership on August 1, 2022. The Board of Hellenic Village has committed to continuing to work through the remediation plan and provide a 10 year Operating and Capital Plan, and the continuation of quarterly financial

reporting. The Board has recruited volunteers to assist with the remediation of units to be able to offer for rent. Though improvement has been made, Administration will continue working with the Board to monitor performance and identify outstanding 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.

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 overseeing operations as of January 1, 2022, efforts have been taken to address the outstanding financial 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.

At the August 4, 2022 GNHC Board meeting, 4 of the 5 Board members confirmed their continuation on the Board beyond December 31, 2022. One Board member will be retiring from the Board, and new community representation will be sought.

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 and their new property manager.

Red Rock Municipal Non-Profit Housing Corporation

Red Rock Municipal 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 became 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 RRMNPHC through operational reviews. The 2020 financial reports are in draft format currently and have not yet been approved by RRMNPHC. The 2021 financial reports remain outstanding.

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. Since that time, little has been remedied. Further attendance at the June 23, 2022 RRMNPHC Board meeting has not resulted in addressing the outstanding reporting matters. RRMNPHC has made request for the reporting information from their contracted property manager but has not received this information. Subsequently, RRMNPHC has served notice of termination of the contract with the property manager, effective September 30, 2022. The Board has a new property manager set to begin October 1, 2022.

A letter was sent to the RRMNPHC Chair on July 20, 2022, reducing their subsidy payment, and stating they would be recommended as a PID to the TBDSSAB Board. As a result, Administration is recommending that the RRMNPHC be declared as a PID, and steps taken to identify this to MMAH.

STRATEGIC PLAN IMPACT

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

PREPARED BY:	Crystal Simeoni, Manager, Housing Programs
SIGNATURE	
APPROVED BY	Ken Ranta, Director, Integrated Social Services Division
SIGNATURE	
SUBMITTED BY:	William (Bill) Bradica, Chief Administrative Officer