



Sault Ste. Marie Housing Corporation

District of Sault Ste. Marie Social Services

Administration Board

Conseil d'Administration des Services du District Sault Ste. Marie

Zhawenimi-Anokiitaagewin

REGULAR AGENDA

Sault Ste. Marie Housing Corporation

Thursday, July 20, 2023 @ 4:30 PM

390 Bay Street, Suite 405

1. CALL TO ORDER

2. LAND ACKNOWLEDGEMENT

I acknowledge, with respect, that we are in Robinson-Huron Treaty territory, that the land on which we are gathered is the traditional territory of the Anishinaabe and known as Bawating. Bawating is the home of Garden River First Nation, Batchewana First Nation, the Historic Sault Ste. Marie Metis Council.

3. APPROVAL OF AGENDA

Resolution #23-043

Moved By: S. Hopkin

Seconded By: S. Spina

- 2.1 “**BE IT RESOLVED THAT** the Agenda for the **July 20, 2023** Sault Ste. Marie Housing Corporation Board meeting be approved as presented.”

4. DECLARATIONS OF PECUNIARY INTEREST

5. APPROVAL OF PREVIOUS MINUTES / ACCOUNTS

Resolution #23-044

Moved By: M. Bruni

Seconded By: J. Hupponen

- 5.1 “**BE IT RESOLVED THAT** the Minutes from the Sault Ste. Marie Housing Corporation Board (SSMHC) meeting dated **June 15, 2023** be adopted as recorded.”

6. MANAGERS REPORTS

HOUSING SERVICES

Resolution #23-045

Moved By: A. Caputo

Seconded By: S. Hopkin

- 6.1 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation Board (SSMHC) accept the report in regards to the Community Services Building Renovations at 721 Wellington Street East as information.”

Resolution #23-046

Moved By: M. Bruni

Seconded By: S. Spina

- 6.2 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation Board (SSMHC) accept the Arrears and Vacancy Report as information.”

Resolution #23-047

Moved By: J. Hupponen

Seconded By: A. Caputo

- 6.3 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation Board (SSMHC) accept the Bad Debt Write off Report as information.”

CORPORATE SERVICES

Resolution #23-048

Moved By: E. Palumbo

Seconded By: S. Hopkin

- 6.4 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation Board (SSMHC) refer the current long term debt financing process to the Finance Committee to recommend streamlining and increasing efficiency when accessing long term debt financing instruments to the SSMHC Board of Directors at a future meeting.”

Resolution #23-049

Moved By: J. Hupponen

Seconded By: S. Hopkin

- 6.5 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) now enter into closed session for pending or proposed acquisition of land by the Board.”

Resolution #23-050

Moved By: E. Palumbo

Seconded By: S. Spina

- 6.6 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) now return to open session.”

6. NEW BUSINESS

7. ADJOURNMENT

Resolution #23-051

Moved By: A. Caputo

Seconded By: M. Bruni

- 7.1 “**BE IT RESOLVED THAT** we do now adjourn”

NEXT REGULAR BOARD MEETING

Thursday, August 17, 2023 at 4:30 PM



Sault Ste. Marie Housing Corporation

District of Sault Ste. Marie Social Services

Administration Board

Conseil d'Administration des Services du District Sault Ste. Marie

Zhawenimi-Anokiitaagewin

Meeting Minutes

Sault Ste. Marie Housing Corporation

Thursday, June 15, 2023 @ 4:30 PM

390 Bay Street, Suite 405

PRESENT: L. Dufour E. Palumbo
S. Spina A. Caputo
J. Hupponen S. Hopkin
M. Bruni L. Vezeau-Allen
E.

REGRETS: L. Bruni J. Barban K. Kirkham

STAFF: M. Nadeau D. Petersson J. Pearson
M. Scott A. Borrelli
A. Kohler

1. CALL TO ORDER at 6:35 pm

2. APPROVAL OF AGENDA

Resolution #23-035

Moved By: S. Hopkin

Seconded By: S. Spina

2.1 “**BE IT RESOLVED THAT** the Agenda for the **June 15, 2023** Sault Ste. Marie Housing Corporation Board meeting be approved as presented.”

Carried

3. DECLARATIONS OF PECUNIARY INTEREST

None

4. APPROVAL OF PREVIOUS MINUTES / ACCOUNTS

Resolution #23-036

Moved By: M. Bruni

Seconded By: J. Hupponen

- 4.1 “**BE IT RESOLVED THAT** the Minutes from the Sault Ste. Marie Housing Corporation Board (SSMHC) meeting dated **May 18, 2023** be adopted as recorded.”

Carried

5. MANAGERS REPORTS

CORPORATE SERVICES

Resolution #23-037

Moved By: A. Caputo

Seconded By: S. Hopkin

- 5.1 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) accept the recommendation of the Finance Committee and approve the Audited Consolidated Financial Statements for the year ended December 31, 2022 as prepared by KPMG. ”

Carried

Resolution #23-038

Moved By: S. Hopkin

Seconded By: S. Spina

- 5.2 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) accept the June 15, 2023 Q1 Financial Update Report of the Director of Corporate Services as Information”

Carried

Resolution #23-039

Moved By: M. Bruni

Seconded By: S. Spina

- 5.3 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation divest itself of the vacant property located 162 Dennis Street in Sault Ste. Marie to Habitat for Humanity Sault Ste. Marie and Area (HFHSSMA) for \$1.00 for the purpose of supplying affordable home ownership”.

Carried

Resolution #23-040

Moved By: J. Hupponen

Seconded By: S. Hopkin

- 5.4 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) now enter into closed session.”

Carried

Resolution #23-041

Moved By: E. Palumbo

Seconded By: S. Spina

- 5.5 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) now return to open session.”

Carried

6. NEW BUSINESS

7. ADJOURNMENT

Resolution #23-042

Moved By: A. Caputo

Seconded By: M. Bruni

- 7.1 “**BE IT RESOLVED THAT** we do now adjourn”

Carried

Adjourned at 7:10 pm

NEXT REGULAR BOARD MEETING

Thursday, July 20, 2023 at 4:30 PM



Social Services | Services Sociaux
Zhawenimi-Anokiitaagewin
Sault Ste. Marie District

SAULT STE. MARIE HOUSING CORPORATION

BOARD REPORT

AUTHOR: Jeff Barban

DATE: July 20, 2023

RE: Community Services Building Renovations: 721 Wellington Street East

RECOMMENDATION

It is recommended the Sault Ste. Marie Housing Corporation Board (SSMHC) accept this report as information.

BACKGROUND INFORMATION

The SSMHC awarded PTC 2020-26 for the Community Services Building Renovations - 721 Wellington Street East to the lowest qualified bidder Ruscio Construction Ltd. on March 18, 2021, for \$11,506,423.00 Ruscio Construction Ltd. from the City of Sault Ste. Marie received a conditional Building permit on June 10, 2022 and construction began immediately after.

SUMMARY/OVERVIEW

The building will be available for occupancy on August 1, 2023 for floors two (2) to four (4), which contain the following building components: Main entrance, Bridge (Transitional) units and the men's emergency shelter. As of the last site meeting on June 14, 2023 the timeline for the opening of the Community Resource Centre, located on floor one (1) is not certain but all efforts will be made to achieve completion by mid-August. It is anticipated there will be some minor finishes required in this area. The new exterior wood fence and smoking area will also be completed by August 1, 2023, but repairs to the areas containing grass as well as the paving of the parking lot and driveway will remain outstanding.

STRATEGIC PLAN IMPACT

The renovation of 721 Wellington Street East will align with the pillar of Service Delivery. The Community Services building will allow Social Services and its community partners to provide service excellence and community awareness.

FINANCIAL IMPLICATIONS

There are currently only a few approved Change Orders outstanding, but it is anticipated the project will be completed within budget.

CONCLUSION

The renovation of 721 Wellington Street East was not without its challenges to construct due to the age of the existing structure. Lingering issues from COVID-19 resulted in supply chain delays of material and equipment and extended the project only two (2) months past the scheduled completion date.

Respectfully submitted,



Jeff Barban
Director of Community Housing and Development

Approved by:



Mike Nadeau
Chief Executive Officer



Social Services | Services Sociaux
Zhawenimi-Anokiitaagewin
Sault Ste. Marie District

SAULT STE. MARIE HOUSING CORPORATION

BOARD REPORT

AUTHOR: Joanne Pearson

DATE: July 20, 2023

RE: SSMHC Arrears and Vacancy Report

RECOMMENDATION

This report is being presented to the Board for information purposes.

BACKGROUND INFORMATION

Arrears percentages and vacancy rates are tracked every month given the importance of both, as they are part of the revenue stream for the Sault Ste. Marie Housing Corporation.

Arrears

Sault Ste. Marie Housing Corporation households are responsible for paying their rent on, or before, the first of every month, and completing an annual household composition update, in order to ensure the household remains eligible for subsidized housing. Social Services team members are committed to working with households to meet these responsibilities and, wherever possible, prevent the household from being evicted.

One of the ways a household can be evicted is for non-payment of rent. If a tenant falls behind in their rent, specific steps are taken by the Property Management team including the Property Manager, Tenant Support Worker, and the Customer Service Clerk to collect outstanding payments. This team works to ensure several attempts are made to contact the household regarding the arrears and to ensure assistance is provided to address the reasons for non-payment. Contact with the household includes phone calls, and/ or home visits, written correspondence as well as referrals to respective agencies that may assist, as outlined in the SSMHC's Eviction Prevention Policy.

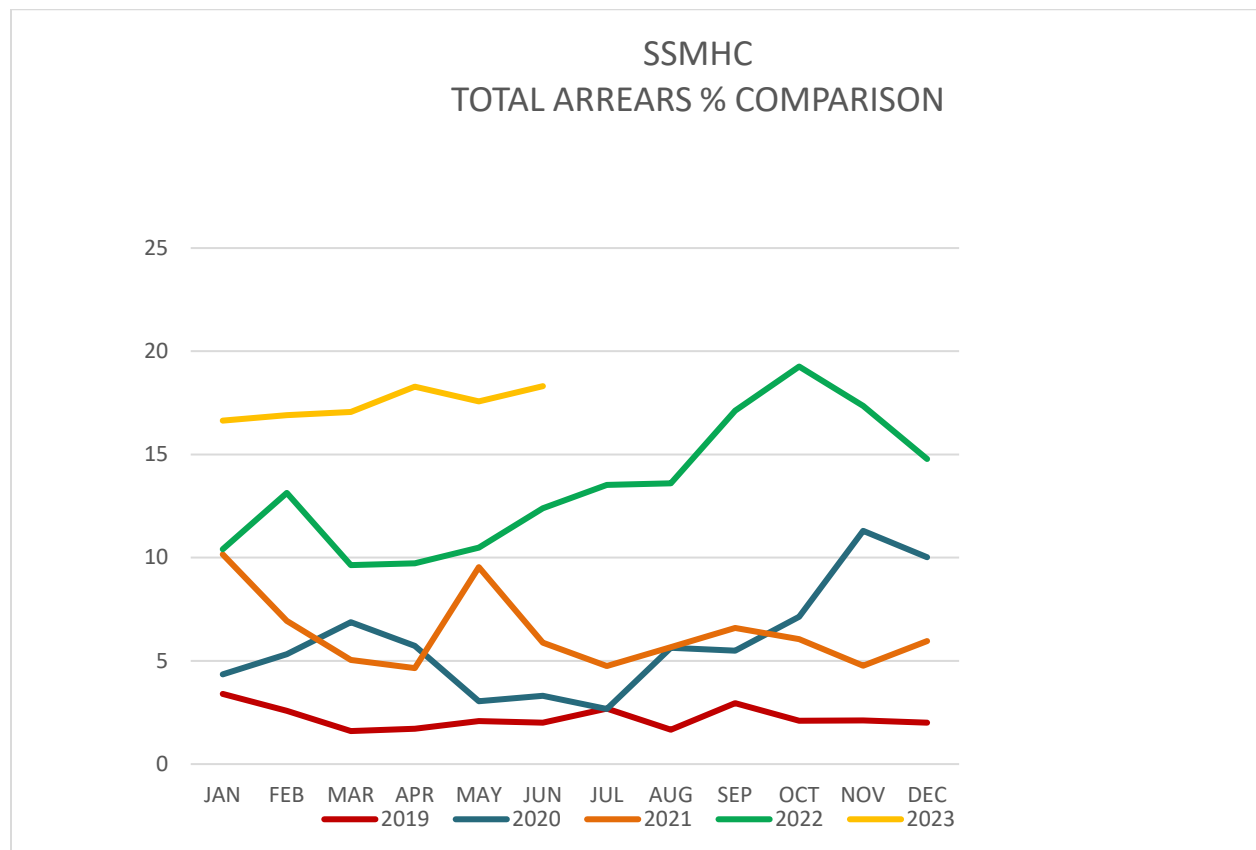
There are times, however, when all attempts have been exhausted, and an application is made to the Landlord and Tenant Board (LTB) requesting an order of eviction for arrears. Historically, this application process to the LTB from time of submission, to the time an order of eviction was received, has taken approximately 2 months. Hearings were held in person and the process was rather quick. With the onset of Covid in the spring of 2020, evictions were not ordered, the LTB shut down and was not hearing any cases which

resulted in a severe backlog when the eviction moratorium was lifted approximately 5 months later. The LTB also moved to virtual hearings vs in-person, which presented different challenges and resulted in further delays.

SUMMARY/OVERVIEW

At the present time, it is not unusual for landlords to wait 8-12 months for a hearing to take place, and then wait several more months for the order of eviction. The Sault Ste. Marie Housing Corporation has not been exempt from these long delays. Some eviction requests have exceeded 24 months, which significant impacts our arrears report and accounts receivables.

Despite the efforts of staff, rental arrears are at an unprecedented high level. Ideally, arrears would be below 5% on a monthly basis (corporate target) – reverting back to pre-covid levels. The chart below outlines arrears levels from 2019 – June 2023.

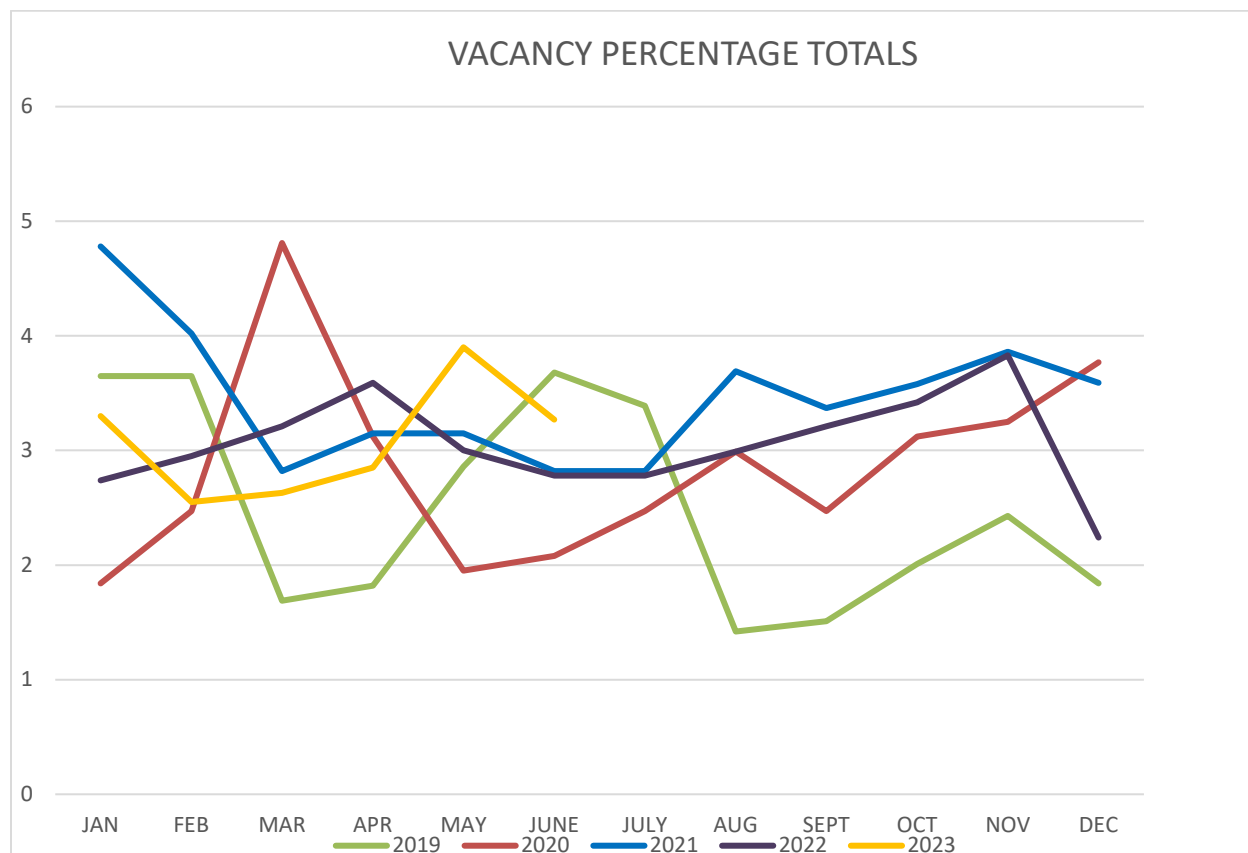


The current LTB process is broken and no longer effective. There are currently 8 applications awaiting a hearing date submitted to the LTB – each with a total dollar value of over \$30,000 (rent/maintenance arrears). Two of the applications have been with the

LTB for over 8 months. The delays result in further arrears since rent continues to be charged but with no payment on the part of the tenant. The delays also result, in some cases, with further damages to the units –resulting in additional costs for the SSMHC. The Ford government announced in the spring of 2023 there would be more adjudicators hired to address the backlog, however delays continue and we have not experienced any notable difference.

Vacancy Rates

Vacancy rates also play an important role in SSMHC’s ability to generate revenue. For every vacancy, staff strive for a 30 day turnaround timeframe. There are many factors that may hinder this including availability of contractors to perform the work required on the vacant unit, supply chain issues, staff resources to ensure offers are sent out in a timely manner, and the timeframes for applicants to accept the offer of the unit. There are times when applicants will refuse the offer and this results in next applicant being contacted and the process starting over. The longer a unit remains vacant, there is a loss of revenue for the SSMHC.



The chart above outlines the percentage of vacancies from 2019- present. As demonstrated, vacancy rates normally hover between 2 - 3.5% - with a low of 1.42 % in 2019 and close to 5% in 2020/21. Reasons for the spike in vacancies in March of 2020 and January of 2021 can be attributed to property acquisitions, the subsequent increase to the overall SSMHC housing portfolio and staffing/requirement challenges.

STRATEGIC PLAN IMPACT

Arrears and Vacancies align with the strategic pillar of Organizational Excellence – staff working as a team to ensure maximum revenue generated through collection of rent as well as ensuring units do not remain vacant for any substantial length of time.

FINANCIAL IMPLICATIONS

Arrears and vacancy rates have financial implications for the SSMHC due to the loss of revenue for non-payment of rent, and units not being filled in a timely manner. The net impact of arrears and account receivables ultimately impact the bad debt write of report presented to the board annually.

CONCLUSION

Housing staff will continue to work diligently to address the arrears and vacancy rates in an attempt to ensure maximum revenue continues to be generated for the Sault Ste. Marie Housing Corporation.

Respectfully submitted,



Joanne Pearson
Integrated Program Manager

Approved by:



Mike Nadeau
Chief Executive Officer



SAULT STE. MARIE HOUSING CORPORATION

BOARD REPORT

AUTHOR: Joanne Pearson

DATE: July 20, 2023

RE: SSMHC Bad Debt Write Off Report

RECOMMENDATION

This report is being presented to the Board for information purposes.

BACKGROUND INFORMATION

Bad debts are comprised of:

- Nonpayment of rent owed;
- Maintenance charges resulting from tenant damage to the rental unit while occupied or upon move out;
- Legal charges as a result of tribunal fees when applying for the collection of rent or eviction proceedings due to anti-social behavior with the Landlord & Tenant Board.

Debts remain active on a tenant(s) ledger until the tenant(s) vacate the unit. Upon vacating a unit, any outstanding balances owed may be written off as bad debt reducing revenue due to the outstanding balance not being immediately recovered. Any outstanding debts collected are treated as revenue in the year received. Writing off bad debt impacts the financial statement of the SSMHC but does not absolve or eliminate the debt owed from the former tenant. The tenant's debt remains an obligation of the former tenant and the SSMHC attempts to collect the debt through a variety of means.

Former tenant debts owed in excess of \$500.00 (other than OW/ODSP recipients) are submitted to the local Credit Bureau for collections as well as the Provincial Arrears database. It is not until all arrears are repaid to the Corporation in full that a tenant may apply to be eligible for any Social Housing unit in the Province of Ontario. Exceptions to this rule only include special circumstances such as applying as a Victim of Domestic Violence as per the Housing Services Act, 2011.

SUMMARY/OVERVIEW

The following table lists the bad debt amounts for the end of the second quarter of 2023, and the totals for the past six (6) years:



** 2023 is as of June 30, 2023 and does not include the full year.

STRATEGIC PLAN IMPACT

The bad debt write off process aligns with the strategic pillar of *Organizational Excellence*. Staff working together to improve the process and improve organizational culture.

FINANCIAL IMPLICATIONS

Although bad debt write offs are budgeted every year, there are many variables that determine if the SSMHC bottom line will be affected. A lower bad debt transforms to higher revenue for SSMHC and therefore reducing the funding the DSSMSSAB is required to provide the SSMHC to sustain operations.

CONCLUSION

Housing services has experienced higher than normal staff changes in the last year. The bad debt write off process is a key training issue to ensure all staff are following the appropriate process and former tenant ledgers are appropriately addressed. The LTB

RE: SSMHC Bad Debt Write Off Report

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also plays a key role in reducing bad debt, as the longer an eviction order is delayed the higher the debt is accumulated as is beyond the ability of management to control.

Respectfully submitted,



Joanne Pearson
Integrated Program Manager

Approved by:



Mike Nadeau
Chief Executive Officer



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Sault Ste. Marie District

SAULT STE. MARIE HOUSING CORPORATION

BOARD REPORT

AUTHOR: David Petersson

DATE: July 20, 2023

RE: TD Bank Loan – Additions to Community Services Building

RECOMMENDATION

To refer the current long term debt financing process to the Finance Committee to recommend streamlining and increasing efficiency when accessing long term debt financing instruments.

BACKGROUND INFORMATION

The Sault Ste. Marie Housing Corporation (SSMHC) currently has TD Bank fixed rate 35 year amortized loans in place for 159 Gibbs Street and 672 Second Line West (combined), 39 Chapple Avenue, and 49 St. Mary's River Drive. The SSMHC also has a \$13.9M construction loan for the New Office Building currently under construction that is being drawn on as we progress through the project. This will convert to a 35 year amortized fixed rate loan when the project is complete using TD financial lending instruments.

SUMMARY/OVERVIEW

At the April 21, 2022 SSMHC Board Meeting, the Board awarded PTC 2020-26 (Community Services Building Renovations: 721 Wellington Street East) to Ruscio Masonry & Construction Ltd. at a cost of \$10,209,628 inclusive of non-recoverable HST (Resolution# 22-027). This project is funded mainly by federal and provincial grants; however it also includes a \$1,500,000 construction loan that will convert to a 35-year fixed rate loan, upon completion.

In the one year since, the SSMHC has purchased several other properties, which at this time, are not funded using long term financing and utilize our line of credit or cash operating funds. It is recommended that the following properties (purchase price including renovations) also take advantage of up to 35 year fixed rate financing vs higher rates through open rate lines of credit:

<u>Property</u>	<u>Purpose</u>	<u>Amount</u>
Board Approved -Resolution 22-027		
721 Wellington Street East (CS Building)	Men's Shelter, NRC, Transitional Beds	1,500,000.00
<u>Additions to TD Financing:</u>		
46 Wellington Street East	Market Rent 4-Plex	347,000.00
136 Pilgrim Street	Supportive Housing	394,000.00
187 Anna Street	First Nations Transitional Housing - 3 Units	154,000.00
124 Dennis Street	Youth Hub	185,000.00
		1,080,000.00
TOTAL MORTGAGE REQUIRED		2,580,000.00

The above loans could be funded over a 35 year amortization period using TD fixed rate loans and paid off early at any time throughout the term with no penalty. 35 year amortized loans from TD using interest rate swaps and are subject to market volatility and management uses the expertise of TD lenders when locking in rates. When rates were low in 2020 we were able to secured 35 year fixed rate financing for as low as 1.94%; however obviously rates have increased significantly since that time.

Currently management requires board approval to lock in loan rates. This causes issues as rates fluctuate. When rates drop between board meetings we cannot take advantage and, similarly, if rates are higher at the time of a board meeting we must accept that higher rate. Management, and ultimately the board, follow recommendations from TD fund managers and the goal is to get the best rates possible and also provide financial rate stability to the board.

STRATEGIC PLAN IMPACT

Combining properties into one loan with a fixed rate for 35 years, aligns the Sault Ste. Marie Housing Corporation with the three pillars of the Strategic Plan, that being Organizational Excellence, Service Delivery, and Community Partnerships.

FINANCIAL IMPLICATIONS

There are no financial implications for the SSMHC as a result of this report.

RE: TD Bank Loan – Additions to Community Services Building

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CONCLUSION

Current board process hinder our ability to be strategic and competitive and we are recommending the Finance Committee be engaged to make recommendations to the board of how to streamline/address this barrier.

Respectfully submitted,

Approved by:



David Petersson
Director of Corporate Services



Mike Nadeau
Chief Executive Officer