



# 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, January 18, 2024 @ 4:30 PM

390 Bay Street, Suite 405

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### **1. CALL TO ORDER**

### **2. ELECTION OF EXECUTIVE**

Election to be conducted by the Chief Executive Officer.

- Chairperson
- Vice-Chair
- Secretary
- Treasurer

#### **Resolution #24-001**

Moved By: L.Veazeau- Allen

Seconded By: M. Bruni

- 2.1 **“BE IT RESOLVED THAT** the slate of officers in the positions of Chair, Vice Chair, Secretary, and Treasurer for the 2023 Sault Ste. Marie Housing Corporation executive positions be accepted as elected
- Chairperson -  
Vice-Chair -  
Secretary -  
Treasurer -

### **3. APPROVAL OF AGENDA**

#### **Resolution #24-002**

Moved By: J. Hupponen

Seconded By: L. Vezeau-Allen

- 3.1 “**BE IT RESOLVED THAT** the Agenda for the **January 18, 2024** Sault Ste. Marie Housing Corporation Board meeting be approved as presented.”

#### **4. DECLARATIONS OF PECUNIARY INTEREST**

#### **5. APPROVAL OF PREVIOUS MINUTES / ACCOUNTS**

##### **Resolution #24-003**

Moved By: M. Bruni

Seconded By: L. Vezeau-Allen

- 5.1 “**BE IT RESOLVED THAT** the Minutes from the Sault Ste. Marie Housing Corporation Board (SSMHC) meetings dated **December 14, 2023** and **December 20, 2023** be adopted as recorded.”

#### **6. MANAGERS REPORTS**

##### **HOUSING AND HOMELESSNESS**

##### **Resolution #24-004**

Moved By: E. Palumbo

Seconded By: A. Caputo

- 6.1 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) approve the increase to the Subsidized Housing Portfolio Market Rent levels, as outlined in the report.”

##### **Resolution #24-005**

Moved By: J. Hupponen

Seconded By: S. Hopkin

- 6.2 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) accept the recommendation to increase its Affordable Housing rent levels to coincide with the 2024 Ontario Market Rent Increase Guidelines of 2.5%, for various properties identified in the report”

##### **Resolution #24-006**

Moved By: M. Bruni

Seconded By: S. Hopkin

- 6.3 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) accept the following funds from the District of Sault Ste. Marie Social Services Administration Board To be utilized for a newbuilding and capital improvements the SSMHC in 2024/25 :

COCHI 2024-25 Fiscal Year funding of \$857,235

OPHI 2024-25 Fiscal year funding of \$358,815”

**Resolution #24-007**

Moved By: S. Spina

Seconded By: S. Hopkin

6.4 “**BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) approve the purchase of the unsold tax sale property from the Corporation of the City of Sault Ste. Marie at a cost of \$1.00 for 60 London Street”

**Resolution #24-008**

Moved By: L. Vezeau-Allen

Seconded By: A. Caputo

6.5 “**BE IT RESOLVED THAT THAT** the Sault Ste. Marie Housing Corporation (SSMHC) now enter into closed session for legal matters”

**Resolution #24-009**

Moved By: M. Bruni

Seconded By: J. Hupponen

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

**7. NEW BUSINESS**

7.1 Establish Governance Committee for the Sault Ste. Marie Housing Corporation (SSMHC).

**8. ADJOURNMENT**

**Resolution #24-010**

Moved By: S. Spina

Seconded By: M. Bruni

8.1 “**BE IT RESOLVED THAT** we do now adjourn”

**NEXT REGULAR BOARD MEETING**

Thursday, February 15, 2024 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

## ***ADDENDUM AGENDA***

*Sault Ste. Marie Housing Corporation*

Thursday, January 18, 2024 at 4:30 PM

390 Bay Street, Suite 405

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### **Resolution #24-011**

Moved By: A. Caputo

Seconded By: S. Spina

- 6.7 **“BE IT RESOLVED THAT** that the Sault Ste. Marie Housing Corporation approve the portfolio targets identified in this report to create mix income housing communities and increase affordable housing units through the expansion of the Social Services Housing Benefit (SSMHB).”



# 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 MEETING MINUTES** *Thursday December 14, 2023 at 12:00 PM*

PRESENT: Luke Dufour Stephanie Hopkin

Lisa Veazeau- Allen Sonny Spina

Judy Hupponen Enzo Palombo via Zoom

STAFF: M. Nadeau L. Bruni D. Petersson

M. Scott K. Kirkham L. Pearson

A. Borrelli J. Barban

1. **CALL TO ORDER at 1:05 pm**
2. **LAND ACKNOWLEDGEMENT**

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.

### 2. **APPROVAL OF AGENDA**

#### **Resolution #23-088**

Moved By: S. Hopkin

Seconded By: S. Spina

- 3.1 **"BE IT RESOLVED THAT** the Agenda for the December 14, 2023 Sault Ste. Marie Housing Corporation Board meeting be approved as presented."

**Carried**

#### 4. DECLARATIONS OF PECUNIARY INTEREST

#### 5. APPROVAL OF PREVIOUS MINUTES / ACCOUNTS

##### **Resolution #23-089**

Moved By: L. Vezeau- Allen

Seconded By: J. Hupponen

- 5.1 **"BE IT RESOLVED THAT** the Minutes from the Sault Ste. Marie Housing Corporation Board (SSMHC) meeting dated **November 16, 2023** be adopted as recorded."

**Carried**

##### **Resolution #23-090**

Moved By: S. Spina

Seconded By: S. Hopkin

- 5.2 **"BE IT RESOLVED THAT** the Minutes from the Sault Ste. Marie Housing Corporation Board (SSMHC) Special meeting dated **November 28, 2023** be adopted as recorded."

**Carried**

##### **Resolution #23-091**

Moved By: S. Spina

Seconded By: E. Palumbo

- 5.3 **"BE IT RESOLVED** In accordance with the Sault Ste. Marie Housing Corporation (SSMHC) accepts the recommendation to transfer from Reserves \$132,255.04 in Housing Co-Investment Fund Renewal and Repair cost match funds that were set aside for the SSMHC 2023 operating budget".

#### **MANAGER'S REPORTS**

##### **INFRASTRUCTURE**

##### **Resolution #23-092**

Moved By: S. Hopkin

Seconded By: S. Spina

- 5.4 **"BE IT RESOLVED THAT** the Sault Ste. Marie Housing Board

(SSMHC) accepts the recommendation that the Plumbing Services tender be awarded to S&T Electrical Contractors Ltd. As outlined within this report".

**Carried**

**Resolution #23-093**

Moved By: S. Spina

Seconded By: S. Hopkin

5.5 **"BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) accept the recommendation in accordance with the tender award committee is recommending to award the Short Form Tender (SFT) 2023-41 Boiler System Upgrade at 615 Bay St. to the lowest bid received from McLeod Bros Mechanical Inc. for \$262,744.32, including non-recoverable PST".

**Resolution #23-094**

Moved By: J. Hupponen

Seconded By: S. Hopkin

5.6 **"BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) accept the recommendation in accordance with the purchasing policy to award Request for Quotation for Professional Water Treatment System - Various Sites Chem-Aqua Inc. as identified in the body of the report".

**Carried**

**Resolution #23-095**

Moved By: J. Hupponen

Seconded By: E. Palumbo

5.6 **"BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) now enter into closed session for legal matters."

**Carried**

**Resolution #23-096**

Moved By: J. Hupponen

Seconded By: L. Vezeau- Allen

5.7 **"BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) will now return to open"

**Carried**

**Resolution #23-097**

Moved By: S. Spina

Seconded By: L. Vezeau- Allen

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

**Carried**

6 **NEW BUSINESS**

7 **ADJOURNMENT**

**Resolution #23-097**

Moved By: E. Palumbo

Seconded By: S. Hopkin

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

**Carried**

Closed at 1:20PM





## **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

### ***BOARD MEETING MINUTES***

*Sault Ste. Marie Housing Corporation*

Wednesday, December 20, 2023 @ 12:00 PM  
390 Bay Street, Suite 405

PRESENT: L. Dufour                      J. Hupponen  
                 M. Bruni                                S. Hopkin  
                 A. Caputo                                E. Palumbo via Zoom  
                 L. Vezeau- Allen                        S. Spina via Zoom  
Staff:            M. Nadeau                                D. Petersson  
                         J. Barban                                M. Scott

1.     **CALL TO ORDER at 12:08**

2.     **LAND ACKNOWLEDGEMENT**

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 #23-098**

Moved By: A. Caputo

Seconded By: Stephanie Hopkin for S. Spina

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

**Carried**

**4. DECLARATIONS OF PECUNIARY INTEREST**

**None**

**5. CLOSED SESSION**

**Resolution #23-099**

Moved By: J. Hupponen

Seconded By: L. Vezeau- Allen

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

**Carried**

**Resolution #23-100**

Moved By: S. Spina

Seconded By: M. Bruni

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

**Carried**

**6 NEW BUSINESS**

**7 ADJOURNMENT**

**Resolution #23-101**

Moved By: E. Palumbo

Seconded By: M. Bruni

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

**Carried**

**Closed at 1:35 pm**



## **SAULT STE. MARIE HOUSING CORPORATION**

### **BOARD REPORT**

**AUTHOR:** Joanne Pearson

**DATE:** January 18, 2024

**RE:** Proposed SSMHC Subsidized Housing Portfolio Market Rent Increases

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#### **RECOMMENDATION**

The Housing Services Division recommends that the Sault Ste. Marie Housing Corporation (SSMHC) increase market rent levels in its original subsidized housing portfolio (pre 2018) to coincide with the current ministry approved maximum income levels (Household Income Limits) for the following unit type:

<b>UNIT SIZE</b>	<b>PRESENT MARKET RENT</b> (Hydro & Heat Included)	<b>SUGGESTED MARKET RENT</b>	<b>DIFFERENCE</b>
Bachelor	\$687	\$737	+ \$50
One (1) Bedroom	\$900	\$962	+ \$62
Two (2) Bedroom	\$1100	\$1162	+ \$62
Three (3) Bedroom	\$1200	\$1312	+ \$112
Four (4) Bedroom	\$1,485	\$1525	+ \$40
Five (5) Bedroom	\$1,485	\$1525	+ \$40

Staff completed an actual average market rent (AAMR) review in 2022. Using updated data for all units, the actual average market rent for all units in 2024 is at least 25% higher than ministry approved Household Income Limits (HILs). Therefore, using HILs to determine market rents will deem all units affordable as they are 80%, or lower, of the actual average market rent in the community.

## BACKGROUND INFORMATION

The last market rent update for SSMHC units occurred in 2023.

An amendment to Ontario Regulation 370/11 under the Housing Services Act, 2011 was approved and filed updating the household income and high need income limit information effective as of January 1, 2024. The new limits are outlined in the chart below:

HOUSEHOLD INCOME LIMITS (HILS)	
Unit Size	Maximum Annual Income
Bachelor Unit	\$29,500
One (1) Bedroom	\$38,500
Two (2) Bedroom	\$46,500
Three (3) Bedroom	\$52,500
Four (4) Bedroom	\$61,000

This increase allows for households with higher income levels to be eligible for social housing only if the market rent is at the appropriate level to ensure subsidized calculations do not exceed the market rent for the appropriately sized unit.

An HILs example would be as follows:

- Current maximum annual income for a two (2) bedroom unit is \$46,500 (before taxes)
- $\$46,500 / 12 \text{ months} = \$3,875$  gross monthly income
- $\$3,875 \times 30\% = \$1,162.50$  (RGI/PHB/SSHB rents are calculated at 30% of a household's gross income)

Current data identified actual average market rents in the community for a two bedroom to be listed at \$1,513.28. Therefore to be deemed affordable our rent needs to be below \$1,210.62. A two bedroom renting for \$1,162.50 exceeds this threshold.

## SUMMARY/OVERVIEW

The increase in SSMHC market rents would take effect June 1, 2024 and will allow for new applicants with higher incomes to qualify for subsidized housing. Upon review of the current rent roll, this market rent increase would affect up to 26 individuals occupying various units with their rents increasing by the suggested market rate.

A letter will be delivered to all SSMHC tenants with a 90 days' notice explaining the increase and how this may affect their tenancy.

## **STRATEGIC PLAN IMPACT**

Rent increases impacts the strategic area of Service Excellence.

## **FINANCIAL IMPLICATIONS**

The market rent increase will not result in any significant rental income increase for the 2024 fiscal year. However, it will allow higher income households to secure housing and pay a higher portion of rent which would contribute to increased rental revenues in the future.

## **CONCLUSION**

The increase in market rents will have a positive effect for subsidized households whose income may have increased slightly in the upcoming fiscal year and would have become ineligible for SSMHC units.

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:** January 18, 2024

**RE:** Proposed Affordable Housing Rent Increases 2024

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**RECOMMENDATION**

It is recommended that the Sault Ste. Marie Housing Corporation (SSMHC) increase its Affordable Housing rent levels to coincide with the 2024 Ontario Market Rent Increase Guidelines of 2.5%.

**BACKGROUND INFORMATION**

In July 2023, the Ministry of Housing released the 2024 Annual Rent Increase guidelines based on the Ontario Consumer Price Index (CPI). The guideline on rent increases for 2024 in Ontario is 2.5 per cent. The CPI is a measure of inflation calculated monthly by Statistics Canada using data that reflects economic conditions over the past year.

**SUMMARY/OVERVIEW**

Existing Affordable housing units were developed to follow the annual rent increase guideline on an annual basis in order to remain in line with inflationary pressures and cover operating costs. This process that we undertake as a landlord, would be performed on an annual basis dependent on the announced annual increase from the Ministry and will coincide with the tenant’s annual tenancy renewal. Our current affordable housing units were brought online at various times, thus the reason for varied affordable rates depending on unit location and use CMHA Average Market Rent (AMR) data that does not reflect the current market realities.

The following table outlines the increases in the monthly rent for the various affordable bedroom sizes:

UNIT SIZE	PROPERTY	PRESENT MARKET RENT	PROPOSED MARKET RENT	DIFFERENCE
One (1) Bedroom	90 Chapple Ave. and 668/672 Second Ln W	\$ 776.93	\$ 796.35	+\$ 19.42
Two (2) Bedroom	90 Chapple Ave.	\$ 863.03	\$ 884.60	+\$ 21.57
One (1) Bedroom	<i>137 East Street</i>	\$ 766.00	\$ 785.00	+\$ 19.00

Two (2) Bedroom	137 East Street	\$ 861.00	\$ 882.00	+\$ 21.00
Bachelor	137 East	\$ 735.00	\$ 753.00	+\$ 18.00

A letter will be delivered to all SSMHC tenants with a 90 days' notice explaining the increase and how this may affect their tenancy.

**STRATEGIC PLAN IMPACT**

The rent increases impacts the strategic area of Service Excellence.

**FINANCIAL IMPLICATIONS**

This will provide increased revenue to the SSMHC as a result of this increase. The projected revenue will increase \$8,567.00 in 2023 - 2024. This increase will help offset increased expenses the DSSMSSAB incurs as a result of inflation.

**CONCLUSION**

Affordable housing units are a very important mix within our Social Housing Portfolio offering rents to individual households who struggle to make ends meet true market rent levels. However, it is important that annual rent increases are implemented to produce the increased income necessary to address increased expenses and ensure the viability of these buildings.

Respectfully submitted,

Approved by:



Joanne Pearson  
Integrated Program Manager



Mike Nadeau  
Chief Executive Officer





## **SAULT STE. MARIE HOUSING CORPORATION**

### **BOARD REPORT**

**AUTHOR:** Jeff Barban

**DATE:** January 18, 2024

**RE:** Accepting Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) Administration Dollars from the District of Sault Ste. Marie Social Services Administration Board (DSSMSSAB)

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#### **RECOMMENDATION**

It is recommended for the Sault Ste. Marie Housing Corporation (SSMHC) Board to accept the following funds:

COCHI 2024-25 Fiscal Year funding of \$857,235

OPHI 2024-25 Fiscal year funding of \$358,815

To be utilized for a newbuilding and capital improvements the SSMHC in 2024/25.

#### **BACKGROUND INFORMATION**

Funding received under COCHI represents a re-investment of Federal funding that has been declining under the Canada-Ontario Social Housing Agreement. These funds provide an opportunity for Service Managers and community housing providers to address the challenges associated with the housing projects reaching the end of operating agreements and/or mortgage maturity.

The OPHI program is modelled after similar, previous affordable housing programs, with the most recent being the investment in Affordable Housing Program Extension (IAH-E). While the program is similar to the ending IAH-E, there are additional notable opportunities available to the Service Manager in this program, including the addition of a support services component and the eligibility of supporting community housing under Ontario Renovates.

## SUMMARY/OVERVIEW

It is recommended that COCHI and OPHI funds for funds be awarded as follows:

COCHI 2024-2025		
Location	Description	Budget
SSMHC (Location identified at time of tender)	Energy Upgrades	\$ 477,235
SSMHC	Wellington 4-Plex Build	\$ 380,000
Total		\$ 857,235

OPHI 2024-2025		
Location	Description	Budget
SSMHC	Energy Upgrades	\$ 358,815

## STRATEGIC PLAN IMPACT

The awarding of COCHI/OPHI funds to the SSMHC impacts the strategic plan in the area of **Service Excellence**.

## FINANCIAL IMPLICATIONS

2023/2024 COCHI was previously awarded funding to the SSMHC for a 4-plex was \$376,857, securing a total of \$756,857 of funding available for the project to date.

## CONCLUSION

The additional dollars will increase the SSMHC Capital Budget for 2024 and assist in bringing new housing to the community, completing much needed infrastructure projects for the SSMHC. OPHI funding will be utilized for energy saving Initiatives throughout the SSMHC portfolio and will also take advantage of the cost matching dollars provided through the CMHC fund.

Respectfully submitted,



Jeff Barban  
Director Infrastructure

Approved by:



Mike Nadeau  
Chief Executive Officer



## SAULT STE. MARIE HOUSING CORPORATION

### BOARD REPORT

**AUTHOR:** Jeff Barban

**DATE:** January 18, 2024

**RE:** Acquisition Unsold Tax Sale Property from the City of Sault Ste. Marie

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#### RECOMMENDATION

Housing Services recommends the Sault Ste. Marie Housing Corporation (SSMHC) Board approve the purchase of the following unsold tax sale property from the Corporation of the City of Sault Ste. Marie at a cost of \$1.00 for 60 London St.

#### BACKGROUND INFORMATION

Housing Services continues to work with the Corporation of the City of Sault Ste. Marie's Finance, Planning and Enterprise Services Department to expand affordable housing through the purchase of unsold tax sale properties for \$1.00. The purchase of the properties in this report marks the second round of purchases under this initiative.

The recommendation falls within the asset purchase plan introduced by SSMHC at the City of Sault Ste. Marie Council meeting on July 16, 2018. The plan specifies that all requests for purchase are to go before Council for approval.

The property in this report have previously been offered for public sale by the City of Sault Ste. Marie under their tax sale procedure, but have not resulted in any formal offers. Therefore, the above-mentioned properties remain under the responsibility of the City of Sault Ste. Marie.

#### SUMMARY/OVERVIEW

The vacant property at 60 London St. is located within the street block that two homeownership properties have been renovated and sold. This opportunity will allow future consideration to develop or divest the property for the construction of affordable housing and help to improve the overall neighborhood with new development.

#### STRATEGIC PLAN IMPACT

This purchase of this property will impact two strategic areas, **Innovation** and **Strategic Engagement**. The purchase of tax sale properties is an innovative solution to increasing affordable housing, whereas working with the Corporation of the City of Sault Ste. Marie's Finance Planning and Enterprise Services Department speaks to strategic engagement by providing affordable housing within the City of Sault Ste. Marie.

## **FINANCIAL IMPLICATIONS**

The costs to purchase the property would be the \$1 plus legal fees estimated at \$1,000.00. Funds for the purchase cost will be available from the Depressed Housing Program.

## **CONCLUSION**

The purchase of the vacant property aligns with the District of Sault Ste. Marie Administration Board's 10 year Housing and Homelessness Plan by investing in the strategic direction of expanding affordable housing in the service area. This property also allows the unique ability to concentrate neighborhood revitalization for the first time within a street block located in the downtown core.

Respectfully submitted,



Jeff Barban  
Director of Infrastructure

Approved by:



Mike Nadeau  
Chief Executive Officer



## **SAULT STE. MARIE HOUSING CORPORATION**

### **BOARD REPORT**

**AUTHOR:** Mike Nadeau

**DATE:** January 18, 2024

**RE:** SSMHC Mixed Residential Neighbourhoods

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#### **RECOMMENDATION**

It is recommended that the Sault Ste. Marie Housing Corporation (SSMHC) Board approve the portfolio targets identified in this report to create mix income housing communities and increase affordable housing units through the expansion of the Social Services Housing Benefit (SSMHB).

#### **BACKGROUND INFORMATION**

Rent-Geared-to-Income (RGI) housing was downloaded to municipal Service Managers in 2000/01. The DSSMSSAB is targeted to have 1,869 subsidized housing units under its service management mandate, 755 owned and operated by the SSMHC. At the time of download there was only one rent calculation formula; RGI. Since that time, provincial regulations have expanded and now recognizes a variety of rent subsidy methods including municipally funded affordable and portable housing benefits.

The operating agreements for buildings owned by the SSMHC have now expired, or are on the process of expiring. Since 2019, the SSMHC has built or purchased 234 housing units within the community. All additional units have a mixed market rent operating model using either affordable or market rent instead of the legacy RGI calculation.

#### **SUMMARY/OVERVIEW**

The current model of having only RGI units within legacy social housing neighbourhoods allows the SSMHC to achieve its province target levels but it can also lead to stigma and increased social disorder in some neighbourhoods. Tenants are selected using only a chronology approach and eligibility is solely based on income.

Modern projects are using a mixed market approach for development. Canada Mortgage and Housing Corporation (CMHC) is currently funding new capital projects for private and non-profits using a mixed market approach. Often times, loans are being provided and the funding agreement outlines a mixed market approach of 90/10 or 85/15 (market/affordable). We know that mixed market generates increased operating capital and creates mixed-income neighbourhoods. Management is proposing to adopt of similar

approach to the SSMHC's portfolio that moves from primarily an RGI model to a mixed income model using the following targets:

1. 30% RGI
2. 55% affordable rents (80% of *actual* average market rent in community based on advertised rates)
3. 15% market rents

Achieving the above targets will take years, as units will only transition when vacated by an existing tenant. It is also recommended that unit turnover focus only on affordable rental agreements until we reach our goal of having 55% of units rented as affordable. Doing so will strategically transition SSMHC neighbourhoods from an RGI model to mixed market model and will position the corporation well to begin offering market units within its legacy RGI portfolio in future. The transition will ultimately generate increased revenue for the SSMHC which could be applied to addressing capital deficits across the system, pay down debt or be used by the SSMHC/DSSMSSAB for other areas to ensure provincial system levels are achieved (i.e. increased number of portable housing benefits).

The long-term goal is to have integrated, mixed income neighborhoods across our portfolio over time. Implementing affordable rents across all neighbourhoods will also ensure there is consistency in the manner subsidized rents are calculated, as all new units brought into the SSMHC portfolio over the past five years have utilized affordable or market rent calculations vs RGI. For the new model, affordable rents will be calculated, and subsidized, using a rent that is 80% of actual average market rent using current market rates across the community for vacant units.

To successfully transition the portfolio, the SMHC board needs to implement a new Social Services Housing Benefit (SSHB). The SSHB will replace RGI units until we reach our portfolio goal of 55% affordable units. This will not impact anyone on our waitlist negatively as people will be offered the SSHB using the current chronology list and it will ensure consistency across other housing benefits, as subsidy will be calculated consistent with the Sault Ste. Marie Portable Housing Benefit and new SSMHC assets.

### **STRATEGIC PLAN IMPACT**

This purchase of this property will impact, **Innovation** and **Strategic Engagement**.

### **FINANCIAL IMPLICATIONS**

The subsidy cost of the SSMHB will be up to \$85,000 per month for 2024, however the cost will be offset by a corresponding reduction in RGI budget lines. Upon approval of the SSHB, management will cash flow and reconcile the benefit on a monthly basis using DSSMSSAB funding (up to \$85,000).

### **CONCLUSION**

The creation of the SSHB will make rent calculations consistent between legacy buildings and neighbourhoods with new assets brought online since 2019. It is also intended to

increase the brand of the SSMHC as neighbourhood and buildings begin to transition to mix market communities over time.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Mike Nadeau', with a stylized flourish at the end.

Mike Nadeau  
Chief Executive Officer