



Report To:	Manitoulin-Sudbury District Services Board
From:	Connie Morphet, Director of Finance Patrick Wittmann, Supervisor of Infrastructure and Asset Management
Date:	October 25, 2018
Re:	Social Housing Portfolio Renewal – Revised Issue Report

Purpose

This report builds on the [Revised Social Housing Portfolio Review – Issue Report](#) that was approved by the board in October 2017. This report is intended to provide information with respect to the housing portfolio continued capital and maintenance investment requirements and consideration to sell a portion of the Social Housing Portfolio.

Background

Social Housing properties were downloaded to the Manitoulin-Sudbury DSB in 2000. The [10-year Housing and Homelessness Plan](#) was created in 2014 and has been updated annually since then to provide direction for housing needs as well as many other aspects of the DSB priorities. The Revised Social Housing Portfolio Review - Issue Report provided in October 2017 provided a broad range of information (revenue, funding, expenses, income, subsidy, etc.) about the Manitoulin-Sudbury DSB properties.

Financial assessment

Operating costs for Social Housing buildings continue to rise due to many factors including utilities and aging infrastructure. Due to these concerns and the changing demand for social housing units, it is important to review the portfolio to ensure that supply meets demand and that the supply is financially affordable to operate. The infrastructure costs were considered by assessing the 5-year capital plan for the properties based on current Building Condition Assessments.

Current Portfolio

The current DSB Social Housing portfolio outlined in **Table 1** provides a list of the buildings and the estimated capital cost per square foot for each. The capital cost changes year over year based on planning and necessary capital work. **The 2019-2023 projected cost per square foot is based on the five years spending divided by the square feet.**

Table 1: Average Cost Per Square Foot Summary

Location	Sq. Ft	2017 Actual Cost	2017 Actual Cost per Sq. Ft.	2019-2023 Cumulative Total Projected Cost	2019-2023 Projected Cost per Sq. Ft. over 5 year period
70 Barber St., Espanola	20,200	\$52,449	\$2.60	\$99,047	\$4.90
40 St. Christopher St., Noëlville	15,994	\$11,013	\$0.69	\$84,600	\$5.29
80 Pine St., Chapleau	15,040	\$30,240	\$2.01	\$96,160	\$6.39
Arthur Court, Espanola	14,000	\$18,373	\$1.31	\$91,975	\$6.57
Marguerite St., Espanola	6,000	\$5,093	\$0.85	\$40,726	\$6.79
10 O'Neill St., Webbwood	21,000	\$25,177	\$1.20	\$143,670	\$6.84
29 Nixon St., Mindemoya	21,857	\$22,053	\$1.01	\$158,041	\$7.23
60 Barber St., Espanola	8,118	\$21,060	\$2.59	\$59,104	\$7.28
17 Stanhope St., Warren	15,805	\$19,541	\$1.24	\$115,850	\$7.33
25 John St., St. Charles	18,528	\$8,778	\$0.47	\$145,760	\$7.87
410 Bell St., Massey	17,037	\$26,603	\$1.56	\$148,238	\$8.70
3 Water St., Gore Bay	17,313	\$4,208	\$0.24	\$186,355	\$10.76
76 Wellington St. Manitowaning	11,080	\$92,559	\$8.35	\$150,275	\$13.56
78 Pine St., Chapleau	8,786	\$31,372	\$3.57	\$136,131	\$15.49
66 Robinson St., Little Current	12,421	\$15,275	\$1.23	\$194,210	\$15.64
Scattered Units, Espanola	3,000	\$3,537	\$1.18	\$124,250	\$41.42
66 Meredith St., Gore Bay	4,475	\$5,141	\$1.15	\$189,695	\$42.39

Local Housing Demand

The **Table 2** below is a list of the population, number of current Social Housing units and the demand based by community. The demand estimates are more accurate than in 2017 as procedures have been adapted to capture more information. The data is based on the DSB waitlist and calls received requesting housing.

DSB Operated Properties					# of Bedrooms			
Municipality	Property Address	Local Population	No. of Units	Types of Unit	1	2	3	4
Espanola	Multiple Buildings	5,079	62	1,2,3,4 Bed	90	18	19	12
Mindemoya	29 Nixon	1,955	24	1 Bed	22	1	0	0
Little Current	66 Robinson	2,315	20	1 Bed	23	2	1	0
Noëlville	40 St. Christophe	2,442	21	1 Bed	13	2	0	1
Chapleau	2 Buildings	2,069	26	1,2,3,4 Bed	24	5	4	4
Massey	410 Bell	1,000	21	1 Bed	12	3	0	1
Warren	17 Stanhope	2,347	19	1 Bed	6	1	0	1
St. Charles	25 John	1,280	23	1 Bed	6	0	0	0
Webbwood	10 O'Neil	600	24	1 Bed	12	0	0	0
Gore Bay	2 Buildings	850	32	Bach&1Bed	16	1	0	1
Manitowaning	76 Wellington	765	16	1 Bed	11	1	2	0
		20,702	288	Totals	235	34	26	20
Grand Total					315			

Direct Shelter Subsidy Program

The Manitoulin-Sudbury DSB intends on continuing the successful Direct Shelter Subsidy program to assist with housing affordability. The number of approved applicants continues to increase year over year. The DSS programs enable tenants to choose where they live in private rental housing and to have their funding benefit move with them. **Table 3** shows the updated number of clients and location where they are receiving DSS funding (August 2018).

Table 3: Direct Shelter Subsidy (DSS) (August 2018)	
Municipality/Town	# of Approved DSS applicants
Espanola	87
Massey	21
Little Current	16
Chapleau	15
Gore Bay	12
Webbwood	8
Manitowaning	6
Noëlville	5
St. Charles	4
Mindemoya	4
Markstay	3
Evansville	3
Providence Bay	2
Alban	2
Tehkummah	1
Warren	1
Kagawong	1
Meldrum Bay	1
Walford	1
Whitefish Falls	1
Total	194

Considerations

Staff would create a list of properties that identify as challenging or excessive in operational cost, and bring these properties back to the Board with a plan to declare then surplus in accordance with DSB policy [B.3.14 Sale of Surplus Buildings and Lands](#).

In looking at potential properties for sale, the Staff will take into consideration the current waitlist which demonstrates the demand in each community as well as the 10 Year Housing and Homelessness Plan.

Advantages:

- Eliminating properties from the portfolio that require extensive capital needs in the future will save municipal taxpayers.
- If individual homes were selected, they could be offered to current tenants through the Home Ownership program under the Investment in Affordable Housing Program.
- The sale of properties would generate capital funds for reinvestment.
- The DSB owns 3 empty lots that could be considered for development and/or sale. (2 in Espanola and 1 in Gore Bay).
 - The DSB could partner with the Ontario Aboriginal Housing Services to develop the three empty properties.
 - The DSB could also issue a “Request for Expression of Interest” to determine if there are any Private Public Partnership interested in developing any of the three empty properties.

Challenges:

- DSB needs to advise the Ministry of Municipal Affairs & Housing of the sale and how we plan to replace the units to meet Service Level Standards and once sold remove specific buildings from the Social Housing Reform Act.
 - The Direct Shelter Subsidy Program has 194 recipients, so this would offset any reduction in Service Level Standards
- Public response to the reduction in housing units, particularly in smaller communities.
- Relocation of existing tenants from a property would require additional time and resources prior to divestment.

- Ensuring the DSB follows the Residential Tenancy Act and treats all tenants affected by any sale in a fair and appropriate manner.
- If there are still tenants in the property at the time of sale, the DSB would need to consider options with the purchaser to maintain their tenancy wherever possible.
 - This could include Direct Shelter Subsidies to the tenant.
 - A rent supplement agreement with the new landlord.
 - A reduced sale price for making a commitment to keep a portion of the units at affordable rents.

Recommendation

Staff are requesting that the Program Planning Committee and the Board direct staff to create a list of properties that identify as challenging or excessive in operational cost, and bring these properties back to the Board with a plan to declare them surplus in accordance with DSB policy.

Staff be directed to develop a plan for the smooth transition of any affected tenants.

Staff be directed to propose options for the reinvestment of any funds received from the sale of properties.