

Request for Decision

GSHC - Write-off of Former Tenant Balances

Presented To:	City Council
Presented:	Tuesday, Jan 21, 2020
Report Date	Tuesday, Nov 19, 2019
Type:	Routine Management Reports

Resolution

THAT City of Greater Sudbury in its capacity as Shareholder and Board of Directors for the Greater Sudbury Housing Corporation approves the write-off of former tenant balances as outlined in the report entitled "GSHC - Write-off of Former Tenant Balances", from the General Manager of Community Development, presented at the City Council meeting on January 21, 2020.

Relationship to the Strategic Plan / Health Impact Assessment

This report supports Council's Strategic Plan in the area of Housing as it aligns with Population Health priority of housing and families.

Report Summary

This report requests approval for the write off of former tenant account balances for tenants who vacated their units between July 1, 2018 and June 30, 2019.

Financial Implications

There are no financial implications. The write-off amount has been provided for in the allowance for doubtful accounts for the previous fiscal and within the 2019 approved provision for bad debts.

Signed By

Report Prepared By

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Chief Financial Officer, Housing Services
Digitally Signed Nov 19, 19

Division Review

Barbara Dubois
Director, Housing Operations
Digitally Signed Nov 19, 19

Financial Implications

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Dec 30, 19

Recommended by the Department

Steve Jacques
General Manager of Community Development
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Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jan 7, 20

Purpose

The purpose of this report is to seek Council's approval, acting as Shareholder and Board of Directors for the Greater Sudbury Housing Corporation, to execute the 2019 write off of former tenant balances in accordance with established policies and procedures.

Background

GSHC was established as a local housing corporation under the *Social Housing Reform Act*, 2000, SO 2000, c.27; and was regulated by the policies, procedures, standards, and objectives prescribed in the Ontario Housing Corporation Manuals. Section 02-01-06 of the Administrative Manual provides direction on write off of former tenant balances and indicates that all balances of former tenants, who vacated their units on or before June 30th of the current year with their balances as of October 31st be written off at year end. In accordance with this policy, the Greater Sudbury Housing Corporation (GSHC) has identified 183 former tenant accounts valued at \$502,240 to be written off. A summary of the balances for each property as of October 31st is included in Appendix A.

This request is deemed to comply with the CGS Accounts Receivable and Collections Policy as all efforts for collections have been exhausted. Accounts are earmarked for write-off when no repayment agreement exists and no payments have been received in the last six months. 157 of the former tenant accounts with balances in excess of \$170 have been forwarded to collection agencies in accordance with policy and procedures. Any recoveries as a result of the collection process will be processed to reduce the write-offs.

Tenant Arrears Process

CGS staff follow the GSHC Rent Arrears Collection Policy that complies with the Residential Tenancy Act to minimize the accumulation of arrears on current tenant accounts. A copy of this policy is attached as Appendix B.

GSHC has experienced a significant rise in arrears in former tenant balances as a result of tenancies going to Market Rent due to a loss of subsidy and the significant delays to obtain orders for evictions from the Landlord and Tenant Board. Staff are attempting to mitigate tenant arrears through pilot projects with Social Services and the Service Manager. The Social Service pilot endeavours to protect tenancies and avoid evictions for non-payment of rent and loss of subsidy. A copy of the pilot project guidelines is attached as Appendix C. The pilot project with the Service Manager provides an opportunity to extend the Annual Review deadlines by 30 days and reduce the number of tenancies losing subsidy.

Staff continue to monitor the success of the pilot projects and review best practises with other housing providers in order to reduce rent arrears and former tenant write offs.

Conclusion

The Greater Sudbury Housing Corporation has an annual budget for former tenant write-offs. Tenants who lose subsidy and are charged market rent for a period of time prior to their move out, results in higher rent charges than the budgeted rent geared to income revenues. At year end, the Corporation reviews these revenues and records a provision for potential uncollectable tenant accounts. This \$502,240 former tenant write-off has been fully provided for between the annual budget and the allowance for doubtful accounts. There is no financial implication for this write-off of former tenant balances.

In addition, the amounts will remain owing on the Provincial Data Base and collection efforts will continue through the aid of collection agencies. In accordance with the Housing Services Act, 2001 *O.Reg. 367/11*, s. 26 (1) (a) and (c) debtors will remain ineligible for rent-geared-to-income assistance in any housing project in Ontario for arrears in rent and any amount for damaged caused by a member of the household.

2019 WRITE-OFF SUMMARY REPORT

	PROJECT	# OF UNITS	RENT	MISREP	MISC	MTCE	MOVE OUT	TOTAL	% OF TOTAL WRITE OFF
A01E	CABOT/BURTON/HEARNE	25	33,528	1,803	5,705	5,389	27,888	74,313	14.80%
A02C	3553 MONTPELLIER, CHELMSFORD	1	-	-	-	-	238	238	0.05%
A03C	PLACE HURTUBISE	9	7,649	779	1,778	2,069	6,450	18,725	3.73%
A04C	RYAN HEIGHTS	22	44,791	691	4,857	1,337	32,445	84,121	16.75%
A06C	401 RUMBALL TERRACE/T.H.	34	46,444	86	8,066	9,774	21,521	85,891	17.10%
A07C	201 RUMBALL TERRACE	3	2,198	-	290	358	1,218	4,064	0.81%
A08C	1052 BELFRY AVENUE	1	-	-	-	39	-	39	0.01%
A09C	1920 PARIS STREET	9	4,085	-	1,310	1,251	4,566	11,212	2.23%
A10C	27 HANNA, CAPREOL	1	-	-	350	-	1,625	1,975	0.39%
A12C	CATHERINE, GARSON							-	0.00%
A13C	720 BRUCE AVENUE	18	19,503	164	4,025	2,540	18,657	44,889	8.94%
A15C	SCATTERED UNITS	3	3,415	1,107	398	-	1,168	6,088	1.21%
A16C	SCATTERED UNITS							-	0.00%
A17C	CHARETTE, CHELMSORD	1	204	-	52	-	595	851	0.17%
A18C	O'NEIL, GARSON							-	0.00%
A19C	BIRKDALE VILLAGE	10	28,839	4,775	3,871	1,727	11,611	50,823	10.12%
A20C	KEEWATIN COURT	3	3,892	-	777	151	3,816	8,636	1.72%
A22C	MCCORMACK COURT	7	12,358	-	3,314	992	8,101	24,765	4.93%
A23C	FOURNIER GARDENS	12	12,952	49	2,579	2,159	21,111	38,850	7.74%
A24C	CHARLOTTE/GAUDETTE, CHELMSFORD	4	6,787	2,224	1,308	-	2,676	12,995	2.59%
A25C	166 LOUIS STREET	6	465	425	1,395	20	3,649	5,954	1.19%
A26C	1528 KENNEDY STREET	3	2,854	1,311	350	507	727	5,749	1.14%
A27C	LAPOINTE STREET, HANMER	2	92	-	-	-	89	181	0.04%
A28C	SPRUCE STREET, GARSON							-	0.00%
A30C	240 'B' STREET, LIVELY	3	8,927	-	1,249	-	545	10,721	2.13%
A32C	COLONIAL COURT							-	0.00%
A33C	ST. ONGE, CHELMSFORD	2	342	-	-	15	391	748	0.15%
A34C	SPRINGBROOK/HAVENBROOK	2	357	-	384	75	3,425	4,241	0.84%
A35C	715 BURTON AVENUE	1	2,522	-	175	-	150	2,847	0.57%
A36C	CARMICHAEL VILLAGE	1	1,084	-	510	23	1,708	3,325	0.66%
	TOTAL	183	243,288	13,414	42,743	28,426	174,370	502,240	100%
			48.44%	2.67%	8.51%	5.66%	34.72%		100.00%
FAMILY UNITS		135	202,641	11,514	33,599	23,711	142,906	414,371	82.50%
ADULT UNITS		48	40,646	1,900	9,144	4,715	31,464	87,869	17.50%

Appendix “B”

GREATER SUDBURY
HOUSING CORPORATION



SOCIÉTÉ DE LOGEMENT
DU GRAND SUDBURY

Operational Policy and Procedure

POLICY: Rent Arrears Collection Policy

DATE: January 2012

PREAMBLE:

Greater Sudbury Housing Corporation is dedicated in continually working with our residents to help ensure they are successful in their tenancy and that all residents fully understand their rights and obligations under the tenancy agreement and the Residential Tenancies Act.

The monthly business process of collecting current tenant accounts is an ongoing activity throughout the tenant life cycle. The goal is to ensure that the collection processes are delivered fairly, transparently and equally to all tenants with a basic goal of eviction prevention.

The nature of program delivery implies that some tenants will default on their payment obligations. A neutral balance of tenant compassion and business judgment is required in the collection policy. It is recognized that each tenancy has its own set of unique circumstances. Therefore, procedures used to recover rental arrears should proceed in stages, and with a reasonable degree of flexibility. In **all** scenarios a reasonable, consistent and fair but firm approach will be adopted, using legislated landlord provisions and GSHC philosophies to attempt full recovery of overdue accounts and preserve the tenancy. In some circumstances however, termination of a tenancy for rental arrears regardless of the amount, may be the only available expedient course of action GSHC can take to end an otherwise undesirable tenancy.

The business objective is to ensure that collection processes are delivered fairly and equally to all tenants with a basic goal of eviction prevention while attaining the financial revenue targets and objectives of the Corporation. A further aim is to maintain low bad debts exposure by preventing arrears from accumulating to excessive amounts that make it difficult or impossible for tenants to recover.

PROCESS:

All tenants are expected to pay their rent-geared-to-income rent in full and on time. This expectation will be clearly communicated to all tenants before moving in and reinforced throughout the tenancy. Tenants will be given information at the time of the initial leasing as to when rent payments are expected, the amount of rent, acceptable methods of payment, who to contact if they encounter problems with rent payments or require rent-geared-to-income adjustments and other information in regard to the tenancy agreement and rent paying obligations.

When rent is not paid on time and in full, it is very important that personal contact be made with the tenant before the 7th working day of the month to determine the cause of the arrears. Rental arrears are usually a symptom of other problems confronting the household. Evaluating the tenant's reasons for not paying rent when due, is integral to maintaining eviction prevention philosophies and for assessing any individual supportive needs that may assist the tenant. This is an opportunity to discuss what can be done and to work with the tenant to assist them in improving the situation. It is imperative then that GSHC encourage and assist tenants to seek assistance from other appropriate community resources and services in an effort to address other factors affecting rent paying habits. A referral to government or social service agencies is an important link to community resources that may provide the tenant with the means to maintain rent payments.

Where appropriate and at the discretion of the Property Manager, payment plans may be negotiated depending on the circumstances that gave rise to the debt, the amount of the debt and the tenant's ability to pay. The objective of any payment plan is to return the rental account to a good standing position as soon as possible. However, no payment plan agreement will be made on current rent owing and no payment agreement will extend past a ten (10) month period. Repayment agreements will be recorded and monitored for compliance and appropriate action will be taken by the Property Manager in cases on non compliance.

When informal, non-legal action is unsuccessful, arrears collection will commence within the Residential Tenancies Act framework. The Landlord & Tenant Board is the governing body used to resolve disputes between residential landlords and tenants by providing education, mediation and adjudication services.

While preserving the tenancy is a factor in managing delinquent accounts, GSHC will exercise the landlord's rights by serving the required legal letters and notices and attending at all hearings and mediations at the Landlord & Tenant Board.

The first step is to serve a Notice to Terminate Early for Non-Payment of Rent (Form N4), which is typically hand delivered on or about the 7th-10th working day of the month. This action provides the tenant with approximately 20 business days to settle the account. Tenants who pay in full or opt into a payment plan with GSHC during this time will avoid a further legal action. However, the Persistent Late Monitoring Process (see attached) will reinforce the importance of paying rent on time and will communicate to the tenant what the possible consequences will be if they continue to pay rent late.

When the tenant has neglected the requirements of the N4 form and has not entered into a payment plan, GSHC will again attempt contact with the tenant by phone or in person, to try and determine the status of the tenancy and resolve the arrears problem. If this step is unsuccessful, a warning letter is hand delivered to the tenant advising that, if the arrears situation is not satisfactorily addressed, an Application to Terminate Tenancy for Non Payment of Rent and for Collection of Arrears of Rent Form L1 will be issued, initiating a Landlord & Tenant Board hearing for the specific purpose of mediating a payment settlement in a legal forum.

In the event the account remains unpaid, an application to terminate and end a tenancy for non payment of rent will be pursued via the Landlord & Tenant Board, with the objective of limiting the accumulation of rent owing to less than three (3) months depending on the Landlord & Tenant Board's schedule.

Throughout the course of any Landlord & Tenant Board tribunal activity, the tenant is provided ongoing opportunity to settle their account in full or through a negotiated payment plan in order to preserve their tenancy.

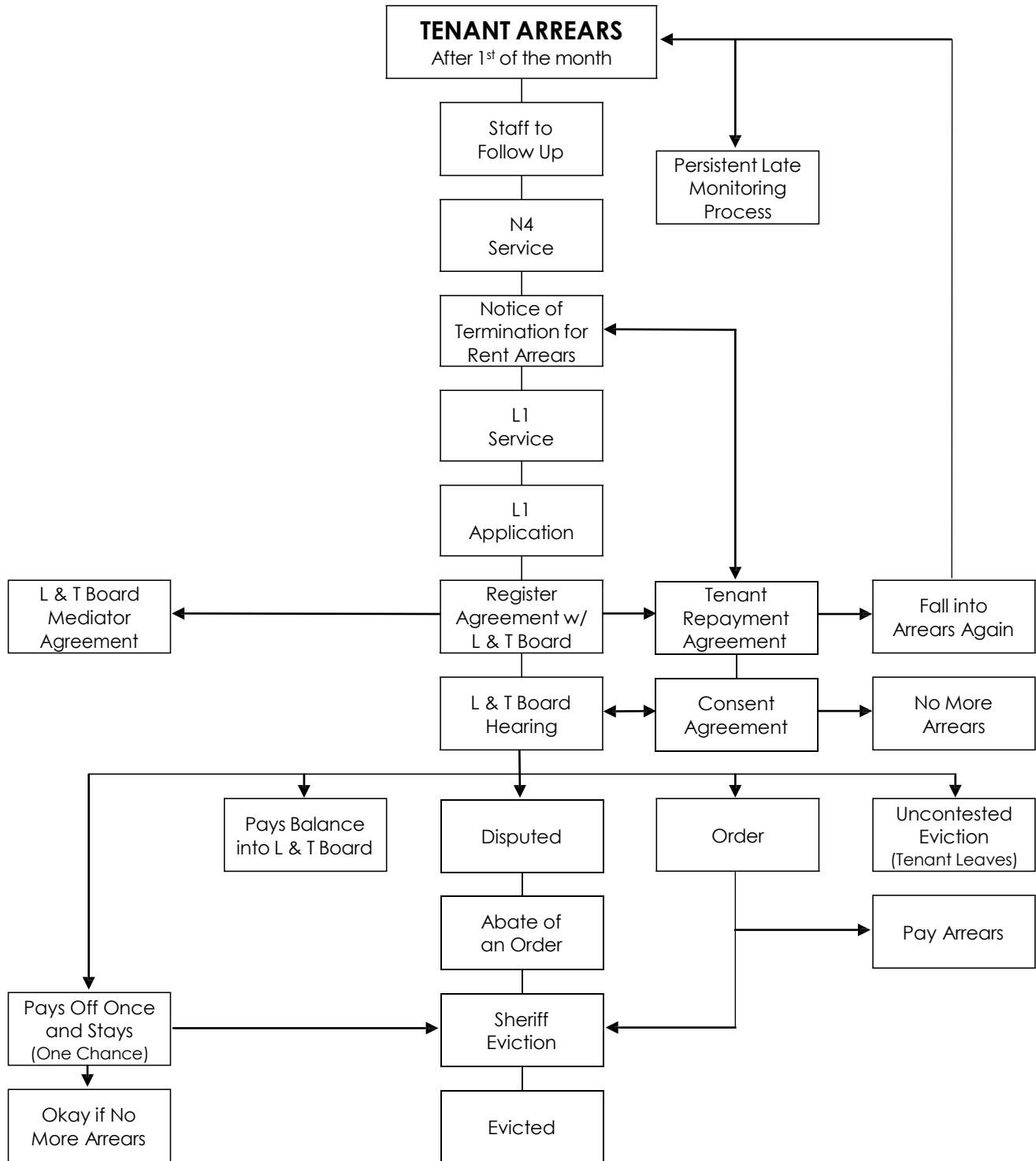
Cases of genuine hardship or complex situations affecting the tenant's ability to pay their account may require other remedial action which is discretionary in nature.

If GSHC is successful in obtaining an Order to terminate the tenancy for rental arrears, the Landlord & Tenant Board typically gives the tenant another opportunity to pay the outstanding balance before the Order can be filed with the Sheriff for enforcement. In an effort to avoid an eviction by the Sheriff, GSHC will also serve a final warning letter to the tenant before filing the Order with the Sheriff, indicating what arrears need to be paid to stop the eviction. Even after GSHC files the Order with the Sheriff, the Residential Tenancies Act allows a tenant to apply to the Landlord & Tenant Board one last opportunity to "pay and stay" before the Sheriff actually shows up at the unit to execute the Order.

Subsequent to all collection activities through non-legal and legal avenues, seeking eviction orders through the Landlord & Tenant Board may be the only recourse to avoid accumulating rent charges to excessive amounts. In the interest of fair and equitable treatment to other tenants who maintain their rent payments, termination of tenancy is viewed to be a final option in the GSHC collection strategies for current tenants.



Residential Tenancy Act Arrears Collection Process





Persistent Late Payment Monitoring Process

Good rent paying habits are essential in maintaining a successful tenancy. In an effort to work with tenants to help reinforce the importance of paying rent when it is due, Greater Sudbury Housing Corporation staff will monitor the rent paying habits of residents and will work with those tenancies that appear to be off track. For our internal rent collection and internal persistent late payment purposes only, a tenancy is considered to have paid rent late if they have been served an N4 – Notice of Termination for Rental Arrears under the Residential Tenancies Act. Any tenancy that has been served an N4 in three (3) out of the past six (6) months is considered to be a persistent late payer.

The following process will be used in monitoring households that are persistently late in paying rent and the following procedures and corrective action will be taken by staff to ensure a consistent and fair approach in dealing with these tenancies. Greater Sudbury Housing Corporation realizes that each tenancy is unique and therefore the Property manager has discretion in applying the following given all the circumstances involved:

- Arrears notices (N4s) are generally served between the 7th and 10th working day each month, (see Current Rent Collection);
- Community Relations Workers will prepare their own N4 Tracking Report from the N4 monthly Summary, to monitor which tenancies received an N4 three (3) times out of the last six (6) months;
- A persistent late payment warning letter is prepared for any tenancy receiving a third N4 in the past six (6) months. The warning letter will be a standard form letter applicable to all tenancies outlining the expectation that rent be paid when it is due and the consequences for not doing so;
- A final warning letter is sent to any tenancy that subsequently receives two additional N4s after the first warning letter;
- If the household receives another N4 after the final warning letter an N8 – Notice of Termination for Persistent Late payment (60 day notice of intent to terminate) is served to the household.

At this point the Property Manager determines a preferred course of further action in regard to the tenancy depending on the circumstances. Options include:

- Take no further action if the tenant makes the next three (3) monthly rent payments on time;
- File an L2 immediately with the Landlord & Tenant Board for a hearing, or wait to file until the month after the 60 day notice period expires, if there is a likelihood that the tenant will continue to pay their rent late (tenant has the option to move out on an N8 notice).

In the vast majority of persistent late payment applications to the Landlord & Tenant Board, the Property manager will utilize mediation prior to a hearing in an effort to work with the tenant and continue the tenancy, rather than seek eviction through the Landlord & Tenant Board hearing process. An exception to mediation may occur in cases where there are other problems with then tenancy besides the ability to pay rent when it is due and circumstances warrant terminating the tenancy.

The standard mediated agreement is a nine (9) month requirement for the tenant to pay rent “on or before” the first working day of each month, as well as to reimburse the landlord for the \$150 application costs. Should non-compliance of the mediated agreement occur during that nine (9) month period, the Property Manager will file an application with the Landlord & Tenant Board to seek termination of the tenancy or request the matter be re-opened and a new hearing be scheduled.

Appendix “C”

OW/HOUSING OPERATIONS PILOT PROJECT

Eviction Prevention Pilot Project

Eviction for Unpaid Rental Arrears: *Current Housing Process*

1. 1st of the month- rent is due
2. 2nd to 3rd business day- early N-4 issued to tenants who pay market rent and have not paid their rent
 - *N-4 provides 14 day notice to proceed with eviction process if rent not paid.
 - *N-4 must be hand delivered by property manager and conversation attempted to see if tenant has new phone or email contact, possibly pay date, concerns etc)
3. 9th to 11th day of the month- regular N-4 issued to tenants who pay subsidized rent and have not paid their rent
4. 24th of the month proceed to issue L-1 with LTB for eviction
5. Usually takes a couple of months for hearing – whereby arrears continue to build

Eviction for Unpaid Rental Arrears Pilot Project New Process:

Housing Process:

1. 1st of the month- rent is due
2. 2nd to 3rd business day- early N-4 issued to tenants who pay market rent and have not paid their rent
 - *N-4 provides 14 day notice to proceed with eviction process if rent not paid.
 - *N-4 must be hand delivered by property manager and conversation attempted to see if tenants has new phone or email contact, possibly pay date, concerns etc)
3. 9th to 11th day of the month- regular N-4 issued to tenants who pay subsidized rent and have not paid their rent
4. 24th of the month- prior to issuing L-1 with LTB for eviction- Manager of Tenant Services will send an email to Coordinator of Shelters and Homelessness to advise that the L-1 is about to be issued for an OW client.

OW Process:

1. Coordinator of Shelters and Homelessness will distribute the email to the appropriate caseworker (CW) for follow up. Copy to case aide for entry into tracking spreadsheet
2. OW CW will make attempt to contact client immediately to discuss impending eviction notice, rental arrears, and possible use of shelter benefits, CHPI etc.
3. OW CW will contact (call or email) the Property manager for that building within 48 hours to advise if arrears can be paid immediately or if they should proceed with L-1. If CW cannot contact client within 48 hours they should still attempt to contact client after the L-1 is issued to resolve arrears issue. Client may be placed on suspend for unable to contact.
4. OW CM will issue rental arrears (if available) directly to Housing and place OW client on a pay direct for future shelter payments.
5. Case aide will follow up on outcome in spreadsheet (ie eviction avoided or eviction completed, reasons, etc)

Housing process:

Housing will proceed with issuance of L-1 if OW unable to resolve within 48 hours, however will continue to work with tenants and OW to resolve issue before hearing date.

Loss of Subsidy: Pilot Project

Loss of Subsidy: Current Housing Process

1. Housing requests annual update forms from tenants including:
 - a. Household Composition Income and assets form
 - b. Social Housing Verification form
 - c. Employment verification form if applicable
 - d. Income tax document
 - e. Three months of bank statements (for all bank accounts)
 - f. Verification of tenant insurance
 - g. Proof of other sources of income
2. If client fails to submit forms by deadline, housing requires the property manager to have four contacts with client to follow up before issuing a Loss of Subsidy notice. The Loss of Subsidy notice advises tenant they have 90 days to submit missing information.
3. If missing information is not submitted within 90 days the tenant's rent moves to market rent rate.
4. If tenant provides the missing information within 30 days of losing subsidy, subsidy can be reinstated.

Loss of Subsidy: Pilot Project New Process

Housing Process:

1. Housing requests annual update forms from tenants including Household Composition Income and assets form, Social Housing Verification form, and Employment verification form if applicable.
2. If client fails to submit forms by deadline, housing requires the property manager to have four contacts with client to follow up before issuing a Loss of Subsidy notice. The Loss of Subsidy notice advises tenant they have 90 days to submit missing information.
3. Manager of Tenant Services will send email to Coordinator of Shelters and Homelessness with a copy of tenant's Loss of Subsidy Notice. This notice includes the tenant's name, address and date of loss of subsidy, but not the list of missing information.

OW Process:

1. Coordinator of Shelters and Homelessness will email the information to the appropriate OW caseworker and CC the case aide for entry into the tracking spreadsheet
2. OW CW will contact the Property manager for that building to verify what information is still missing
3. OW CW will contact the client to discuss the missing information and provide support in completing if possible.
4. Loss of subsidy will likely result in eviction due to unable to pay market rent on OW income. If OW CW unable to contact client, OW CW will place OW file on suspend for unable to contact and send letter to client requesting meeting to ensure missing documents are completed.
5. Case aide will update spreadsheet to record outcome such as subsidy retained, subsidy lost, reasons etc.

Housing Process:

1. If missing information is not submitted within 90 days the tenant's rent moves to market rent rate.
2. If tenant provides the missing information within 30 days of losing subsidy, subsidy can be reinstated.