

The Regional Municipality of York

Housing York Inc.
December 13, 2017

Report of the
General Manager
and
Chief Financial Officer

2017 Write-Off of Former Resident Bad Debts

1. Recommendation

It is recommended that:

1. The Board of Directors approve the write-off of two former resident accounts totalling \$14,723.

2. Purpose

This report seeks approval for the 2017 write-off of two uncollectible former resident accounts that exceed the \$6,000 General Manager's approval threshold established in the Collection of Tenant Accounts Policy.

3. Background

Bad debt occurs when a former resident fails to repay rent and related costs incurred during their tenancy

Housing York Inc. (Housing York) collects revenues for rent, parking and other services from residents during their tenancy. If an account is overdue, staff assesses whether a referral to income supports, homelessness prevention programs or other services may be helpful and negotiates a payment plan. If the resident does not comply with their payment obligations, Housing York makes an application to the Landlord and Tenant Board. The Landlord and Tenant Board process provides multiple opportunities for the resident to stop the eviction process by paying their outstanding balances. If the resident ultimately fails to pay what is owed, an eviction order will normally be enforced. Initiating the Landlord and Tenant Board process promptly mitigates the risk that residents will fall so far behind in their rent that they are unable to preserve their tenancies.

Housing York also charges residents to recover the costs of:

- Unpaid water bills: residents of some Housing York townhouse properties are responsible for the water bills for their units. If the resident defaults on the water bill, the local municipality can collect by adding the outstanding balance to Housing York's property tax bill. Housing York then seeks reimbursement from the resident.
- Unit restoration in excess of normal wear and tear
- Non-Sufficient Funds bank charges
- Landlord and Tenant Board and Sheriff fees incurred through the eviction process

When Housing York recovers legal possession of a unit, either through the resident's voluntary departure or through an eviction, Housing York finalizes the account to reflect all outstanding balances, including any damage charges assessed when the unit is returned.

In accordance with the new Tenancy Management Policy proposed for the Board's consideration in a concurrent report, Housing York will attempt to locate the former resident for collection of the final account balance and then the account will be referred to the Region's third party collection agency. The account information is also provided to the provincial social housing arrears database, as subsidized housing applicants are not eligible for housing in Ontario if they owe money to a social housing landlord and are not actively repaying their debt.

4. Analysis and Implications

In 2017, the General Manager approved 56 bad debt accounts for write-off with a combined value of \$62,916

In [December 2007](#), the Board of Directors authorized the General Manager to approve the write-off of former resident accounts of less than \$6,000. For 2017, the General Manager has approved the write-off of 56 bad debt accounts of less than \$6,000, for a total of \$62,916. The accounts are comprised of:

- Rent (66 per cent)
- Resident Water charges transferred to Housing York (15 percent)
- Other Charges, such as Unit Restoration and Landlord and Tenant Board fees (19 per cent)

Two former resident accounts, totalling \$14,723, require Board approval for write-off

Two accounts exceed the \$6,000 threshold for the General Manager’s write-off approval. Table 1 provides details of the accounts.

Table 1
Accounts Over \$6,000 (2017)

Account	Rent (\$)	Unit Restoration (\$)	Total (\$)
1	5,902	722	6,624
2	6,629	1,470	8,099
Total			14,723

Account 1

The resident was a long term resident living in a seniors building, paying a subsidized rent of \$454 per month. This resident had a history of inconsistent rent payment, but with support from Housing York, would bring the account up to date. When the account went into arrears in November 2015, Housing York once again began the collection process but was unable to contact the resident. Further enquiries indicated that the resident was not occupying the unit. Housing York was unable to locate the resident’s emergency contact and ultimately contacted the Office of the Public Guardian and Trustee. The resident was eventually located in a hospital outside the Region. He subsequently returned home and staff began working with him to establish a repayment plan. Shortly after his return, though, the resident was admitted to a local hospital. Housing York again contacted the Office of the Public Guardian and Trustee and three months later the Trustee was able to confirm that the tenant would not be returning home.

The resident is a pensioner with no assets. Housing York has sent a statement of account to the Public Guardian and Trustee but has had no response. Collection of the account is unlikely.

Account 2

The residents lived in a three bedroom townhouse, paying a market rent of \$1,432 per month. There was a family separation and the remaining resident was unable to afford the rent. Housing York referred the resident to potential income supports but the tenancy was unsustainable. The resident received homelessness prevention funding to assist with relocation to a more affordable unit.

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Based on the family's financial situation, the account is unlikely to be repaid.

5. Financial Considerations

The consolidated amount of \$77,639 recommended for bad debt write-off represents approximately 0.4 per cent of the \$19.9 million rent revenue budget for 2017.

The write-off ensures that accounts receivable balances are fairly stated at year-end in the financial statements. The account records are maintained and payment can still be accepted after the write-off.

6. Local Municipal Impact

There is no local municipal impact.

7. Conclusion

For 2017, there are 58 bad debt write-off accounts totalling \$77,639. Of these, two accounts totalling \$14,723 require Board approval. Despite efforts to collect these bad debt accounts, recovery is now considered unlikely.

2017 Write-Off of Former Resident Bad Debts

For more information on this report, please contact Michelle Willson, Chief Financial Officer at 1-877-464-9675 ext. 76064.

The Senior Management Group has reviewed this report.

Recommended by:

Recommended by:

Rick Farrell
General Manager

Michelle Willson
Chief Financial Officer

Approved for Submission:

Katherine Chislett
President

November 22, 2017

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