

#### FIRST NATIONS LEADERS GATHERING BRIEFING NOTE

**Date:** August 31, 2017

**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing

**Meeting With:** Semiahmoo First Nation (SFN)

**Attendees:** Harley Chappell, Chief; Joanne Charles, Councillor

Issue: BC Housing - RELEASE of assets - transfer to third parties - s.16

s.16

#### **RECOMMENDED RESPONSE:**

Thank you for taking the time to meet with me.

- Affordable housing for Indigenous people is a key commitment for our government.
- The Semiahmoo First Nation is encouraged to discuss their concerns with BC Housing.
- Michael Sadler, Director of Aboriginal Relations at BC Housing, can be reached at 604-456-8870 or <u>msadler@bchousing.org</u>.

#### BACKGROUND:

Semiahmoo First Nation (/ˌsɛmiˈɑːmuː/ SEM-ee-AH-moo) is the band government of the Semiahmoo people, a Coast Salish subgroup.

The band's main community and offices are located on the 312 acres (1.3 km2) Semiahmoo Indian Reserve which is between the boundary of White Rock and the Canada-United States boundary and Peace Arch Provincial Park.

The Semiahmoo remain one of the smallest First Nations in the region with about 74 band members, of whom approximately 40 people live on reserve.

#### **BC** Housing Information

BC Housing has an obligation to consult in relation to the transfer of these properties under the Non-Profit Asset Transfer Program.

In August 2014, BC Housing notified the Nation of our intention to transfer a number of small, urban and developed properties within the traditional territory of the Semiahmoo First Nation. BC Housing provided full information on those properties to the Nation.

The Nation expressed opposition to the transfers within their traditional territory.

BC Housing asked the Nation to provide any information it might have that could help us determine whether the transfers would cause specific impacts, and how that might affect the consultation process.

BC Housing has not received any property-specific information from Semiahmoo as a result of those inquiries, though we have exchanged detailed correspondence about Semiahmoo's claims of Aboriginal title.



BC Housing has taking into consideration that the properties are small, fully-developed, urban properties. Most of these properties are subject to long term leases in favour of non-profit societies. The transfers will not result in any change of use for many decades to come.

BC Housing has also taken into consideration that these properties have been and will continue to be used for subsidized housing.

In January 2016, BC Housing met with the Band Council and offered to enter into discussions relating to assistance that BC Housing may be able to provide in relation to the First Nation's need for housing.

Semiahmoo requested a meeting with BC Housing and two other First Nations. BC Housing declined this request as it would be more effective to meet Semiahmoo on a Nation to Nation basis, and would meet the other two First Nations on the same terms. Semiahmoo has not responded to this last correspondence.

#### DISCUSSION:

**Please note the related water issue:** In 2015, Semiahmoo appealed to the City of Surrey for connection to the Metro Vancouver water system after the City of White Rock announced future termination of their city's water system connection to the Indian Reserve effective August 2016.



#### BRIEFING NOTE FOR INFORMATION

**Date:** January 16, 2017

**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Government's Response to the Non-Profit Asset Transfer Program Audit (NPAT)

#### SUMMARY:

 The Non-Profit Asset Transfer program (NPAT) is a four-year program to transfer land and select social housing properties to non-profit societies. This is the final year of the program. All net-cash proceeds from the NPAT program are being reinvested into social housing.

- In March 2017, the Office of Auditor General (OAG) released a report on the NPAT program.
- The Ministry of Municipal Affairs and Housing (the Ministry) and BC Housing accepted the audit's recommendations.
- The Ministry and BC Housing have responded to the audit and have been asked to be a witness
  and prepare a presentation for the Select Standing Committee on Public Accounts, which will
  review the audit January 31, 2018.

#### BACKGROUND:

Through the Non-Profit Asset Transfer Program, BC Housing transfers ownership of social housing properties from the Provincial Rental Housing Corporation (PRHC) to non-profit societies that currently own and operate social housing on these properties on leased land. The program was introduced in the update to the provincial housing strategy in 2014 and is not related to the Release of Assets for Economic Generation program.

Through the program, non-profits that own and operate social housing on land leased from PRHC are able to purchase the land from PRHC. This purchase allows the non-profit to secure full ownership of their asset and provides PRHC with proceeds from the sale to reinvest in new social housing projects.

Having ownership of the land improves a non-profit's ability to support better long-term planning, increase self-sufficiency, and secure financing to redevelop or transform its housing to become more financially sustainable.

After the sale of lands, government provides a 35-year operating subsidy to the non-profit to assist with servicing principal and interest payments on the mortgage it has assumed. This 35-year subsidy enhances and modernizes the existing operating agreement between BC Housing and the non-profit. The new agreement provides greater flexibility to the non-profit to manage their asset and provides the province with greater reporting and accountability.

Also under the NPAT program, four public housing sites previously owned and managed by BC Housing were sold to four non-profits through a competitive bid process.

Tenants have not been impacted by any of these transfers and the amount and affordability of social housing stock will remain the same. All net-cash proceeds from the NPAT program are being reinvested into social housing. The program will be complete at the end of the 2017/18 fiscal year.

BC Housing has consulted with First Nations when properties were near traditional territories before proceeding with any transfers.



#### **NPAT Program Details**

As of March 31, 2017, BC Housing has transferred 156 properties: 152 leased lands and 4 public housing sites (Stamps Place, Nicholson Towers, Sunset Towers, and Ted Kuhn Towers). The following table shows the annual forecasted net cash proceeds of the land transfers.

Table 1: NPAT program net cash proceeds forecasted by year

Year	Forecasted Net Cash Proceeds
2014/15	\$44.64 million
2015/16	\$74.18 million
2016/17	\$315.81 million
2017/18	\$78.92 million

The following table shows how the proceeds of the NPAT program have been reinvested into social housing.

Table 2: \$505 million NPAT program proceed reinvestments

NPAT proceeds	Program Name	Details	
\$150 million	Extension to the Investment in Affordable Housing agreement (IAH)	Provincial cost-matching of federal funding program from 2014-2019	
\$150 million	Extension to the IAH agreement	Leveraged federal funding from 2014-2019	
\$355 million	Provincial Investment in Affordable Housing (PIAH)	\$355 million provincial funding program announced in 2016	

The first \$150 million in proceeds was used to cost match the Federal/Provincial Extension to the Investment in Affordable Housing agreement with the federal government. The Provincial Investment in Affordable Housing, a \$355 million program announced in 2016, represents reinvestment of the balance of NPAT proceeds into the construction and renovation of more than 2,000 social housing units. These units are among the 6,700 currently under development by BC Housing.

The long-term implementation costs of the NPAT program are expected to be \$30.1 million annually for the non-profit mortgage and interest subsidies, until 2052/2053. The Ministry's net present value analysis of the program was positive \$95 million. The OAG's net present value analysis was negative \$73 million, which means that, at worst; the cost to government of both the transfer of properties and the reinvestment of the proceeds into the creation of more than 2,000 social housing units would be only \$73 million. The OAG's net present value analysis did not include the \$150 million provincial cost-matching.

#### Office of the Auditor General Report

In March 2017, the Office of Auditor General (OAG) released a report on the NPAT program.

The report discusses whether the Ministry has demonstrated that the potential benefits of the program outweigh its costs and risks, and whether BC Housing has managed implementation of the NPAT program to achieve program objectives.



The report recommendations are outlined in Table 3 in the discussion section below.

The Office of Housing and Construction Standards and BC Housing staff worked closely with the OAG to provide information and data for its audit. The Ministry and BC Housing accepted the audit report's recommendations.

#### **DISCUSSION:**

Government is required to present to the Select Standing Committee on Public Accounts (PAC) on its actions and progress to date in response to the OAG recommendations. Ministry and BC Housing staff have jointly developed an Action Plan in response to the recommendations. The presentation will be held January 31, 2018.

Table 3: OAG Report Recommendations, Context and Government Response

OAG Report Recommendation	Context of Recommendation in Audit Report	Government Response
1. The Ministry establish how the NPAT program's intended outcomes for non-profit housing providers will be achieved, measured and monitored;	The OAG found that the Ministry had not identified how the NPAT program's intended long-term outcomes for non-profit housing providers would be measured or monitored.  The key long-term objective of the program was to strengthen the non-profit housing sector by transferring land assets to them and improving their ability to support better long term planning and self-sufficiency.	This year is the final year of the NPAT program. In 2017/18, the final transfers of properties under the NPAT program will be completed. BC Housing will continue to report to the Ministry on the number of properties transferred, the proceeds received and the progress in reinvesting the NPAT funds into new affordable housing projects.
2. BC Housing transfer housing assets based on a documented assessment of a non-profit provider's ability to meet the desired program outcomes;	While the OAG heard that BC Housing assessed proponents against consistent criteria, the absence of documentation, i.e., specific scoring of individual providers against the criteria, meant BC Housing could not demonstrate the assessment.	BC Housing has enhanced documentation of all aspects of the assessment of non-profit providers' ability to meet desired program outcomes. For every transfer under the NPAT program, BC Housing's Executive Committee assesses the appropriateness of the transfer and the non-profit provider's ability to continue to manage the affordable housing project. In addition, the BC Housing Board of Commissioners improved the documentation of its criteria and assessment process for the transfer of the directly managed buildings.



0.	AG Report Recommendation	Context of Recommendation in Audit Report	Government Response
3.	BC Housing monitor and report annually on progress made to achieve the NPAT program's intended outcomes for the non-profit sector;	The OAG found that BC Housing narrowly interpreted its role to be that of only creating opportunity, rather than ensuring long-term outcomes were achieved.  For the Ministry and BC Housing, the key long-term objective of the program was to strengthen the non-profit housing sector by transferring land assets to them and improving their ability to support better long term planning and self-sufficiency.	BC Housing will continue to report to the Ministry on the number of properties transferred, the proceeds received and the progress in reinvesting the NPAT funds into new affordable housing projects.
4.	The Ministry clearly define what providing the people of BC with "access to safe, affordable and appropriate housing" means, and how the NPAT program will contribute to achieving it. This should include performance measures and targets; and	The OAG found that because the Ministry has not defined 'safe, affordable and appropriate housing', it cannot demonstrate how the NPAT program, or any program, achieves those objectives.	This issue requires further policy work and consideration. Government has committed to defining affordable housing as part of the new comprehensive housing strategy.
5.	The Ministry assess and mitigate the risks that the NPAT program introduces to social housing. This process should include evaluating how the provision of safe, affordable, and appropriate housing is affected by the move away from rentgeared-to-income units, the use of rental assistance and the change in delivery model.	The OAG concluded that while the NPAT program provides funding for reinvestment in housing, it also introduces long-term costs and risks without an assurance of better long-term outcomes.  The scope of this recommendation extends beyond the NPAT program to include broader risks associated with the expiry of federal operating agreements for social housing.	BC Housing continues to monitor the provision of affordable housing by non-profit housing providers in the projects transferred under the NPAT program. There has been no reduction in the number of rentgeared-to-income units in these projects.



#### FINANCIAL IMPLICATIONS:

None

#### Attachments: (5)

- 1. Audit of BC Housing's Non-Profit Asset Transfer Program
- 2. Draft Presentation to the Public Accounts Committee
- 3. NPAT Detailed Action Plan prepared for the Public Accounts Committee
- 4. Public Accounts Committee Agenda January 31, 2018
- 5. Public Accounts Committee membership

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#### APPROVED BY:

Greg Steves, Assistant Deputy Minister Office of Housing and Construction Standards

Jacqueline Dawes, Deputy Minister

DATE APPROVED:

January 15, 2018



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The Honourable Linda Reid Speaker of the Legislative Assembly Province of British Columbia Parliament Buildings Victoria, British Columbia V8V 1X4

Dear Madame Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the report *An audit of BC* Housing's Non-Profit Asset Transfer Program.

We conducted this audit under the authority of section 11 (8) of the *Auditor General Act* and in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the CPA Handbook - Assurance and Value-for-Money Auditing in the Public Sector, Section PS 5400.

Carol Bellringer, FCPA, FCA

Parol Gellunger

Auditor General

Victoria, B.C.

March 2017

# AUDITOR GENERAL'S COMMENTS

BRITISH COLUMBIA, LIKE other jurisdictions across Canada, faces challenges when it comes to social housing. Demand continues to outpace supply, unfunded repairs on aging buildings total close to \$1 billion, and federal funding for current social housing agreements is set to end by 2036. Well-designed social housing programs can help address these challenges.

In 2013, the Ministry Responsible for Housing introduced the Non-Profit Asset Transfer (NPAT) program to generate cash for investment in social housing. The NPAT program will bring in \$500 million by selling provincially-owned social housing land and buildings to non-profit housing providers. The ministry has earmarked this money to expand rental assistance programs and fund almost 4,000 units of social housing.

However, the program comes with a long-term commitment to pay \$30 million a year (over 35 years) to cover the non-profit housing providers' mortgage payments.

The ministry has entered into this program without demonstrating that the sales will result in better outcomes for social housing, or those that depend on it. It has not fully considered how selling land and buildings could affect both affordability and availability. Will non-profit providers need to raise rents to cover the cost of aging buildings to remain viable? Will the non-profits be able to keep the buildings as social housing? Our audit found that the ministry had not fully addressed these questions. It also had not defined what its mandate to provide *safe*, *affordable and appropriate housing* means, how it will be achieved, or how the NPAT program supports it.

In other words, the ministry has not demonstrated that transferring ownership of its buildings and lands to non-profits will result in a more sustainable housing sector as intended.



CAROL BELLRINGER, FCPA, FCA

Auditor General

#### **AUDITOR GENERAL'S COMMENTS**

Our recommendations focus on how the ministry and BC Housing can: more fully define the NPAT program's goals, and monitor and report on its results; better ensure non-profits meet the desired outcomes; and better understand the potential risks of the program. Government should always have complete information about the goals of a program, as well as its costs and risks, before moving forward with implementation. This is the cornerstone of evidence-based decision-making.

You will see in two places in the report that government has objected to the disclosure of our findings because, in their view, public interest immunity applies. Public interest immunity is a common law principle that protects information from being released to the public when keeping the information confidential outweighs the public interest in having it released. While government feels that these findings are protected on the grounds of public interest immunity, we believe that disclosure of ministry analyses, such as business cases, are in the public interest. Reaching a common understanding with government on public interest immunity and associated disclosures will be important for our work going forward.

Lastly, I'd like to thank the ministry and BC Housing for their co-operation during our audit work and acknowledge government officials' willingness to continue to work with us on resolving the very complex issue of public interest immunity.

Carol Bellringer, FCPA, FCA

Gard Sellunger

Auditor General

Victoria, B.C.

March 2017

## **REPORT HIGHLIGHTS**

#### SOCIAL HOUSING

HELPS PEOPLE in B.C. who struggle TO FIND HOUSING on their own

MINISTRY AND BC
HOUSING ARE
SELLING
SOCIAL HOUSING
TO NON-PROFITS
TO OWN AND
OPERATE

MINISTRY DOES
NOT KNOW IF THE
PROGRAM WILL
IMPROVE THE
SUSTAINABILITY OF
THE SECTOR

# SIGNIFICANT CHALLENGES TO SOCIAL HOUSING:

Demand outpacing supply

Aging buildings

=
higher
maintenance costs

Federal funding for housing agreements declining

MINISTRY has not defined mandate for "SAFE, AFFORDABLE, APPROPRIATE HOUSING", or how NPAT will help achieve it

\$500M
FROM SALES
TO FUND
-4,000
UNITS & EXPAND
RENTAL ASSISTANCE

PROVINCE IS GIVING NON-PROFITS

\$30M/YR
to cover mortgages

MORTGAGE PAYMENTS

add \$1B

over 35 years

of the PROGRAM

## **SUMMARY**

SAFE, AFFORDABLE AND appropriate housing is vital to the well-being of individuals and communities across British Columbia. Housing influences many aspects of life, including personal health, educational achievement, social connections, employment opportunities and community identity.

## Accessing affordable housing is a challenge for some households in B.C.

Accessing adequate housing is a challenge for some people in B.C. In 2011, 15.4% of households in the province were unable to find housing that met their needs. Their housing needed major repair, cost more than 30% of their household income or did not have enough bedrooms to accommodate the household's size and composition.

Social housing – where the province provides a subsidy or rent assistance – supports people who struggle to find adequate housing on their own. In 2015/16, the province, through the BC Housing Management Commission (BC Housing), gave social housing support to just over 104,000 households.

The social housing sector in B.C. is facing significant challenges. Demand is outpacing supply, funding from the federal government for existing operating agreements is declining, and maintenance costs are rising as social housing buildings age.

# The Non-Profit Asset Transfer (NPAT) program is a key initiative to support social housing

The Ministry of Natural Gas Development and the Minister Responsible for Housing (the ministry) has a mandate to provide the people of B.C. with access to safe, affordable and appropriate housing. It is also responsible for giving direction to BC Housing, which develops, manages and implements social housing in the province. The ministry also works closely with non-profit housing societies who play a critical role in the provision of social housing.

In 2013, the ministry introduced the NPAT program to better support the non-profit housing sector and to generate funding for reinvestment in social housing.

Through this program, the province is transferring some of its social housing assets to the non-profit sector. These include public housing properties that are directly owned and operated by the province, and land that is owned by the province but leased to a non-profit provider.

#### SUMMARY

#### What we looked at

Our audit examined how the ministry and BC Housing planned and implemented the NPAT program. We assessed whether the ministry had demonstrated that the potential benefits of the program outweighed its costs and risks and whether BC Housing managed implementation of the program to achieve its objectives and outcomes.

#### What we concluded

We concluded that while the NPAT program will provide immediate funding for the ministry to reinvest in housing, it will also incur substantial costs and introduce risks to the long-term provision of social housing in B.C. The ministry has not adequately assessed the benefits of the program against these costs and risks, or shown how the program will contribute to better outcomes for safe, affordable and appropriate housing.

We also concluded that BC Housing has transferred social housing assets to achieve short-term financial targets and enable investments in social housing, but has not demonstrated that it transferred assets based on the ability of non-profit recipients to renew and increase the social housing stock in the province.

The ministry has not defined the challenges that the NPAT program is intended to address

The ministry did not clearly establish why the NPAT program was needed nor did it define the challenges that the program was intended to address. These steps

are essential to ensuring a program's success, guiding the objectives and outcomes in pursuit of positive change, and establishing a roadmap for future program decisions.

The lack of clarity around the NPAT program's purpose has made it difficult for the ministry to demonstrate that the transfer of social housing assets was warranted.

The NPAT program has enabled immediate investments in social housing

The ministry identified eight intended outcomes for the program. These include short-term outcomes to be realized when the housing assets are sold and the proceeds reinvested, and long-term outcomes to improve the sustainability of the non-profit housing sector.

The ministry clearly described how the short-term outcomes of the program would be achieved, measured and monitored, and we found it was on track to meet them. As of October 2016, the program had generated \$238 million in cash proceeds, and was expected to bring in roughly \$500 million by 2017/18. This has allowed the province to begin funding more units of social housing, match federal funding contributions through the Investment in Affordable Housing (IAH) program, and increase rental assistance programs.

#### SUMMARY

The ministry did not establish how the NPAT program would enhance the long-term sustainability of the sector

The ministry did not establish how the long-term outcomes for the non-profit housing sector would be achieved, measured or monitored. These outcomes include: supporting the non-profit sector to increase housing options; ensuring the long-term viability of non-profit organizations' current stock; and providing opportunities for redevelopment, efficiencies, innovation and fundraising through non-profit ownership. The lack of targets, timelines, or other measures to demonstrate success increases the risk that these outcomes will not be achieved.

The ministry and BC Housing have not assessed how the program will impact access to safe, affordable and appropriate housing

Through the NPAT program, the ministry has generated funding for reinvestment in social housing as a way to support more households in need. However, because the ministry has not clearly or consistently defined what it means to provide "safe, affordable and appropriate housing", it cannot demonstrate how the NPAT program, or any program, achieves those objectives and aligns with its mandate.

The NPAT program supports evolving changes the ministry has made to the type of social housing it funds and how BC Housing delivers it. These changes include increasing support for rental assistance programs and shifting the management of social housing from BC Housing to the non-profit sector.

Yet, the ministry has not evaluated the potential impact that these shifts have on the availability and affordability of social housing in B.C.

The province will subsidize \$1 billion of mortgage payments through the program

The program will create a \$1 billion cost commitment for the province over the next 35 years - the total estimate of the province's subsidy to cover non-profit providers' mortgage payments on transferred assets.

The ministry calculated that the present value of the long-term program costs was more than offset by the proceeds the program generates, including the \$150 million in federal cost-matching dollars. We found that when the \$30 million in implementation costs is included and the federal funding subtracted (it was not dependent on the NPAT program), the program could result in a financial cost rather than a financial benefit.

The ministry has not shown that the NPAT program provides value for money

The ministry's decision to move forward with the NPAT program was not based on an adequate analysis of the benefits, costs and risks. While the program will provide immediate funding for reinvestment in housing, it will also introduce significant costs and risks without assurance that it will result in better outcomes for social housing.

# SUMMARY OF RECOMMENDATIONS

#### WE RECOMMEND THAT:

- the Ministry Responsible for Housing establish how the Non-Profit Asset Transfer (NPAT) program's intended outcomes for non-profit housing providers will be achieved, measured and monitored.
- 2 the BC Housing Management Commission transfer housing assets based on a documented assessment of a non-profit provider's ability to meet the desired program outcomes.
- 3 the BC Housing Management Commission monitor and report annually on progress made to achieve the NPAT program's intended outcomes for the non-profit sector.
- 4 the Ministry Responsible for Housing clearly define what providing the people of B.C. with "access to safe, affordable and appropriate housing" means, and how the NPAT program will contribute to achieving it. This should include performance measures and targets.
- the Ministry Responsible for Housing assess and mitigate the risks that the NPAT program introduces to social housing. This process should include evaluating how the provision of safe, affordable and appropriate housing is affected by the move away from rent-geared-to-income units, the use of rental assistance and the change in delivery model.

## RESPONSE FROM THE MINISTRY RESPONSIBLE FOR HOUSING AND THE BC HOUSING MANAGEMENT COMMISSION

THE MINISTRY RESPONSIBLE for Housing would like to thank the Auditor General and her audit team for the report on the Non-Profit Asset Transfer program. The Ministry and BC Housing accept the recommendations and remain committed to implementing programs and initiatives to achieve the Provincial Housing Strategy, Housing Matters BC, and the Ministry's mandate to provide British Columbians with access to safe, affordable and appropriate housing through policy and programs, technical codes and standards, and services for landlords and tenants.

The Ministry believes that the challenge the Non-Profit Asset Transfer program was intended to address is indeed quite clear. Launched in 2014, the program strengthens the non-profit housing sector by transferring provincially-owned properties to non-profit housing providers. This improves a non-profit housing provider's ability to support better long-term planning and self-sufficiency.

In addition, the net cash proceeds generated by the program allowed the Province to make significant investments into much needed new social housing during a challenging fiscal environment when maintaining a balanced budget meant managing government's debt and ongoing expenditures. The timing of the reinvestment of the net-proceeds into new social housing was balanced with the province's debt management strategy to return to a declining taxpayer-supported debt to GDP ratio. The declining taxpayer-supported debt to GDP ratio is a major goal in government's commitment to a financially sustainable fiscal plan. The transfer of some social housing properties to non-profit housing providers was a means of unlocking the value of those properties

to create funds for new affordable housing, all the while ensuring the stability and affordability of the transferred properties for tenants.

The Ministry is confident in the ability of the non-profit housing sector to increase and renew the transferred social housing properties over the long-term. A number of non-profit housing societies have already leveraged the equity gained through transferred assets to create more housing for low and moderate income households in communities such as Cranbrook, Victoria and in the Lower Mainland. The program is consistent with government's long-term policy to support a strong non-profit housing sector, recognizing that since the 1960s, non-profit societies have been key partners in the provision and delivery of affordable housing in B.C.

A balanced approach has been taken towards addressing housing challenges in BC. This means that new rent assistance programs have been implemented at the same time as new programs designed to create new affordable housing stock for low and moderate income families and individuals, including frail seniors, youth, Aboriginal households, people with

physical and mental disabilities, as well as homeless individuals. As of January 2017, more than 21,000 seniors and 10,200 families across the province receive cash assistance to help make their monthly rent payments more affordable. And over 28,200 new housing units have been created across the province since 2001 to address housing needs in communities.

The Non-Profit Asset Transfer program's contribution in creating new safe, affordable and appropriate housing is significant. Approximately \$505 million in net proceeds generated from the program is going back into affordable housing. The first \$150 million is costmatching the Government of Canada's contributions under the 2014-2019 extension of the Investment in Affordable Housing Agreement, for a total combined investment of more than \$300 million to help more individuals and families in need access affordable housing. The joint funding has been committed to build new affordable rental housing across the province, and to expand rental assistance programs. This includes the creation of the new Homeless Prevention Program which provides rent supplements to British Columbians who are at risk of becoming homeless, and enhancements to benefits provided to low-income seniors and family households renting in the private market under the Shelter Aid for Elderly Renters (SAFER) and the Rental Assistance Program (RAP). Without the Non-Profit Asset Transfer program, these significant investments would not have been possible. The remaining proceeds of \$355 million generated from the Non-Profit Asset Transfer program have been allocated to fund the Provincial Investment in Affordable Housing program which was announced in 2016/17 to create more than 2,000 affordable rental

housing units in British Columbia over 5 years. Fifty million of this investment has been earmarked for Aboriginal housing.

In addition to the reinvestment of net proceeds from the Non-Profit Asset Transfer program back into affordable rental housing, the Province has also announced an additional \$565 million investment to create 3,280 new units. The new housing projects will serve a wide range of needs including low-to moderate-income renters, seniors, youth, adults with developmental disabilities, Aboriginal people, women and children, and individuals with mental health and substance use issues.

The Auditor General's report also references information that is subject to public interest immunity. Both government and the Office of the Auditor General have an obligation to protect such information as the harm from its disclosure may outweigh the benefits of that disclosure. As the Auditor General has acknowledged, the resolution of issues related to public interest immunity are complex and challenge governments and Auditors General across the country. In British Columbia, government and the Office of the Auditor General have worked together successfully for almost 20 years to resolve such issues. While we were unable to reach an agreement in two instances in this report, government will continue to work with the Office of the Auditor General to achieve resolution in the future.

In the coming year, the Ministry Responsible for Housing and BC Housing, in consultation with key stakeholders, will undertake the process of updating the provincial housing strategy. This refresh will provide further clarity and address issues that were raised in the report. In addition, work will be carried out to better articulate and ensure achievement of the program's long-term outcomes, further mitigate risks, and monitor outcomes. Steps have already been taken to document the assessment of non-profit providers' ability to meet desired program outcomes.

Anticipating a new national housing strategy later this year, Canada and the provinces are currently rethinking how government housing programs are best delivered. B.C., over the past decade, has led the country in developing new housing delivery mechanisms, such as targeted rent assistance, innovative partnerships and new approaches to funding and financing affordable housing. The Ministry Responsible for Housing and BC Housing will conduct research into the lasting impact of these and other changes to the housing delivery model in British Columbia.

Thank you for the opportunity to respond.

## Housing is fundamental to our well-being

ACCESS TO SAFE, affordable and appropriate housing is vital to the well-being of individuals and communities across British Columbia. Housing influences many aspects of life, including personal health, educational achievement, social connections, employment opportunities and community identity.

Housing can also reduce poverty and lower the costs of health care, criminal justice assistance and social services.

#### Accessing affordable housing is a challenge for some households

Despite the value that housing provides, accessing it is a challenge for some households. A 2011 study by the Canada Mortgage and Housing Corporation (CMHC) found that 1.6 million households, or 12.5% of all Canadian households, faced "core housing need." That is, their housing was inadequate (requiring major repair), unaffordable (costing more than 30% of household income) or unsuitable (insufficient number of bedrooms for the household size or composition) (note that we have not audited the statistics used in the background of the report).

B.C. has one of the highest rates of core housing need in Canada, with 247,000 households (15.4%) unable to find proper housing. For these households,

affordability is the most significant challenge. About three-quarters pay more than 30% of their income on housing.

### COMMON SOCIAL HOUSING TERMS

Social housing includes all types of housing where government provides some form of subsidy or rent assistance (see Exhibit 2).

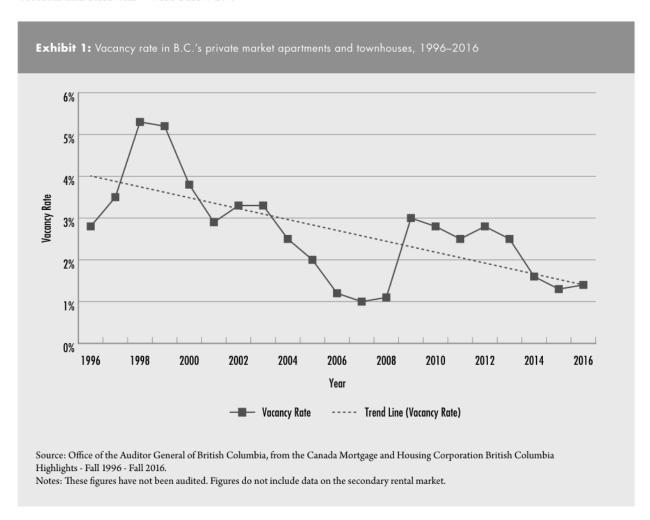
- Public and non-profit housing is social housing that is owned and operated by the province (public housing) or a non-profit provider (non-profit housing).
- Rent assistance in the private market applies to housing that is owned by a landlord in the private market, but where the tenant receives a rent supplement from the province.

Affordable housing is generally considered to be housing that costs no more than 30% of household income.

The province also uses the term *affordable housing* to describe any form of housing that receives support (i.e., makes the cost of housing more affordable than it would be without support).

Households that rent face even greater challenges when it comes to accessing good quality, affordable housing in the province. These households make up about 60% of the total population in core housing need, and are experiencing year-over-year rent increases, as well as fewer available units (see Exhibit 1). In its fall 2016 report, the CMHC found that the average provincial vacancy rate for apartments and townhomes was only 1.4% (the ministry considers 2% to be a healthy vacancy rate). Rates in the province's four largest centres –Vancouver, Abbotsford-Mission, Victoria and Kelowna – were below 1%.

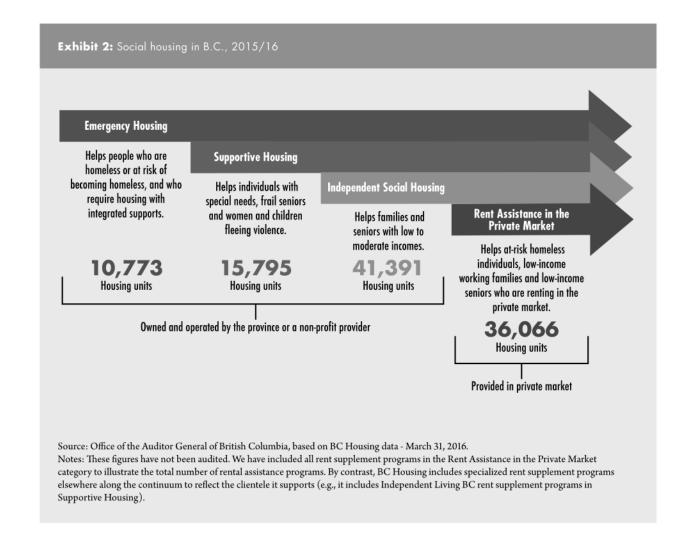
Anticipated growth in the province's population and increasing demand for rental units may put additional pressure on the housing system. BC Stats expects the province's population to grow by 31% between 2011 and 2036. Over that same period, demand for rental housing is projected to increase between 27% and 36%, according to the BC Non-Profit Housing Association (BCNPHA), an association that represents the non-profit housing sector in B.C. The highest demand is expected to come from seniors.



## Social housing helps people in need

Social housing supports individuals who struggle to find housing on their own. It is administered by governments at all levels (federal, provincial and municipal) as well as by a variety of non-profit organizations, co-operatives, local housing authorities and charities.

In B.C., assistance is offered through a range of programs that address specific housing needs (see Exhibit 2), from emergency housing – the highest level of support – to rental assistance in the private market. In 2015/16, the province, through BC Housing, provided social housing support to just over 104,000 households.



## Several parties share responsibility for social housing in B.C.

Minister Responsible for Housing (ministry)

In B.C., responsibility for housing is assigned to the Ministry of Natural Gas Development and the Minister Responsible for Housing. The ministry's purpose, as it pertains to housing, is to ensure that "British Columbians have access to safe, affordable and appropriate housing."

### HISTORY OF SOCIAL HOUSING IN CANADA

Before the 1990s, the federal government, through the Canada Mortgage and Housing Corporation (CMHC), maintained administrative and funding responsibility for social housing in Canada. The CMHC provided funding to the provinces and territories through various cost-sharing agreements.

In the 1990s, however, the federal government began devolving its responsibility to the provinces and territories. In 2006, B.C. signed the Social Housing Agreement (SHA) with the federal government, assuming responsibility for 16,700 units of social housing previously owned and administered by the CMHC.

The ministry is also responsible for providing direction to the agencies that implement government's housing policy – primarily BC Housing and the Provincial Rental Housing Corporation – and for ensuring that they are accountable in achieving government's goals.

## BC Housing Management Commission (BC Housing)

BC Housing leads the development, management and implementation of social housing in the province. The organization partners with public and private housing providers, local government and community agencies in an effort to create a strong system of housing, and to support those in greatest need. It also operates roughly 7,100 units of public housing (see Exhibit 3).

#### Provincial Rental Housing Corporation (PRHC)

The Provincial Rental Housing Corporation holds the land and buildings that are owned by the provincial government as investments in social housing. The corporation acts as an agent for BC Housing – buying, holding and disposing of property and leasing some of its sites to non-profit housing societies. The corporation does not have any staff. Instead, BC Housing personnel carry out the corporation's functions.

#### Non-profit societies

BC Housing partners with about 800 non-profit housing societies, co-operatives and other housing partners to provide roughly 61,000 units of social

housing in the province. This represents close to 90% of all public and non-profit housing in B.C.

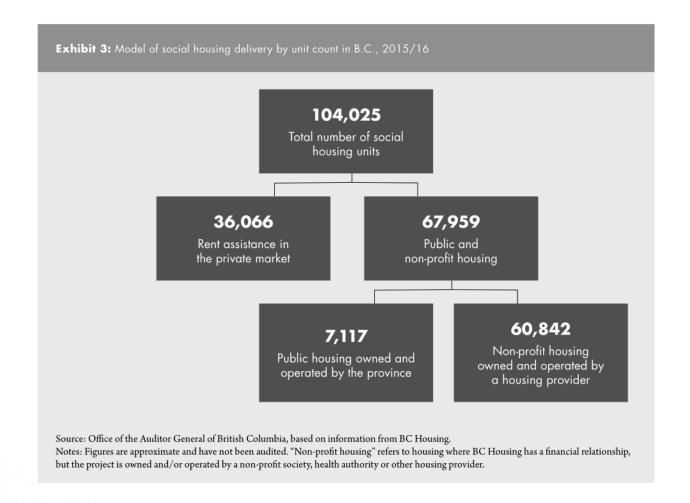
Non-profit housing differs from public housing that is owned and operated by the province. Public housing is offered to tenants on a rent-geared-to-income (RGI) basis, where rent is set at 30% of household income. In contrast, non-profit housing developments often have a mix of subsidized and unsubsidized units – some units are RGI, while others are offered at low-end-of-market or market rents (see sidebar). In addition, non-profit housing developments are often smaller and designed to blend into the existing neighbourhood.

The partnership model has been in place in B.C. since the early 1970s. It reflects the province's philosophy that non-profit housing providers better understand their communities and have developed an expertise in dealing with households in need.

### MARKET AND LOW-END OF MARKET RENT

Market units set rent according to the average rent for similar units in the private market.

Low-end-of-market units set rent at roughly 80–90% of the average market rent.



## Demand for social housing in B.C. continues to outpace supply

The demand for social housing in B.C. is high. Through the Housing Registry, BC Housing tracks applications for roughly 26,000 units of public and non-profit housing (just over a third of all units that are owned/operated by the province or a non-profit housing provider). On March 31, 2016, there were 14,616 applicants awaiting housing on the Registry – 900 more than in 2015.

Of those awaiting housing, seniors and families account for two-thirds of applicants. The other third are people with disabilities, single individuals and households requesting wheelchair-modified units.

Waitlist information for the other units is unknown. These are administered by the individual non-profit societies who operate them, and BC Housing does not collect the data. However, most of the providers we spoke to confirmed that they also had long waitlists.

## Funding for social housing is declining as agreements expire

Non-profit housing in B.C. has, to date, been funded mainly through long-term operating agreements between the province and social housing providers. Through these agreements, providers receive funding to pay out their mortgage, fund building maintenance, cover operating expenses and help keep rents affordable. An agreement's term is often tied to the mortgage, which means that when the mortgage is paid off, the society no longer receives funding from the province and is solely responsible for the project's ongoing success.

Operating agreements have already begun to expire and will continue to do so over the next 15 years. Agreements covering an estimated 26,200 of 61,000 non-profit housing units will expire by 2030. That accounts for close to half of all non-profit housing units in the province (see Exhibit 3).

### CHANGE IN FEDERAL GOVERNMENT FUNDING FOR SOCIAL HOUSING IN B.C.

In 2015/16, BC Housing received \$132.9 million from the federal government to fund social housing agreements in the province. This is roughly \$7.6 million less than in 2006 when the Social Housing Agreement (SHA) was first struck.

Funding under the SHA will continue to decline over the next 20 years until it drops off entirely in 2035/36.

According to BC Housing, the ministry, and the BC Non-Profit Housing Association, the loss of funding that will result from these expired agreements is one of the most significant issues facing non-profit housing providers.

When government and non-profit housing providers first entered into operating agreements, they assumed that once the mortgages were paid off, the various projects would be able to generate enough revenue (through tenant rent) to remain viable while continuing to provide social housing. Although this will be true for some providers, for others, the lack of a government subsidy means they will not be able to provide the same level of affordable housing.

Data from BC Housing shows that 35% of units coming off agreement in the next 15 years would have an operating shortfall if they expired today (i.e., if the mortgage on the unit was paid off and it no longer received a subsidy). Most of these units are rented at RGI levels which, as noted above, charge lower rent. They also provide less rental income for providers when compared with low-end-of-market and market units.

Those providers that experience a shortfall will need to find new funding sources to cover their costs.

The most common options include increasing rents (i.e., converting RGI units to low-end-of-market or market rents), fundraising, bringing in new capital, finding efficiencies or selling a portion of assets. Over time, some of these changes may result in the loss of affordable housing.

BC Housing has undertaken several initiatives to date to better understand the issue and assist non-profit housing providers *before* their agreements expire. Examples of these initiatives include developing a planning guide with the BCNPHA to help providers prepare for agreement expiry, and carrying out research to better address housing providers' needs. Tracking how providers have adapted after their agreements have ended has not taken place.

## Maintenance costs are rising with aging buildings

Deferred maintenance on the social housing portfolio has the potential to further impact the financial viability of housing providers after their agreements expire. Many of the existing social housing buildings that will be coming off agreement were built before 1980 and are in need of repair.

Of the 104,000 units of social housing in B.C., BC Housing is responsible for the maintenance needs of 51,650 public or non-profit housing units. This is in keeping with the provisions in many operating agreements. The remaining units are largely owned, managed and maintained by private landlords, with the province providing rent subsidies.

As of March 31, 2016, BC Housing had assessed the condition of about 75% of the 51,650 units it is responsible for maintaining, using the Facility Condition Index (FCI) methodology. These assessments found the portfolio to be in "poor

condition," with an FCI rating of close to 20% (see sidebar) and \$1.13 billion in needed repairs over the next five years.

BC Housing's budget for maintenance and rehabilitation over the three-year period, 2016/17 - 2018/19, is an estimated \$155 million. This suggests that there is about \$975 million in unfunded maintenance needs. If repairs are not addressed, BC Housing estimates that the FCI will deteriorate to 46% by 2031 – critical condition – facing the potential for frequent equipment failure, health and safety risks, and structural and system issues.

#### **FACILITY CONDITION INDEX (FCI)**

FCI is an asset management tool that measures the condition of a building at a specific point in time. The rating, calculated as a percentage, measures the total cost of needed repairs against the amount that would be required to replace the building.

The lower the FCI value, the better condition the building is in. According to BC Housing, industry benchmarks range from:

Good condition: 0–5%

◆ Fair condition: 6–10%

◆ Poor condition: 11–30%

Critical: over 30%

BC Housing uses the forecast FCI rating of the portfolio five years out when reporting present-day results. This approach, which accounts for needs that are coming due in the immediate future, aligns with industry standards.

Societies with aging buildings may need to look for additional funding sources (see discussion on <a href="expiring agreements">expiring agreements</a>) to cover repairs, if redevelopment is not an option and they do not have enough money elsewhere in their budget.

## The ministry has a strategy to respond to housing challenges

The ministry's housing strategy is documented in *Housing Matters BC*, first released in 2006 and updated in 2014.

The first iteration in 2006 presented a markedly new direction for social housing in B.C. At the time, the province's homelessness population was growing, the number of seniors requiring supports was increasing and the gap between the cost of renting and what working families could afford was widening.

The strategy sought to match the level of assistance to the degree of need, optimize the use of existing housing supports, increase partnerships and promote self-sufficiency among tenants. To achieve these objectives, the ministry prioritized access for long-term housing to households that not only had low income but also had a special need. Households whose housing problems stemmed solely from low income would be primarily assisted with rent subsidies in the private market. This marked the birth of what is now known as the Rental Assistance Program (RAP).

During the eight years the housing strategy was in effect, the province significantly increased support for rent assistance programs and emergency housing services for the homeless (see Exhibit 4). Supportive housing and independent social housing remained relatively unchanged.

In updating the strategy in 2014, the province recommitted support for those in greatest housing need while introducing changes to how social housing would be delivered. This involved shifting BC Housing's role from owning and operating social housing to facilitating the development of housing through partnerships. Efforts were also directed at building the capacity of the non-profit housing sector to ensure its long-term sustainability.

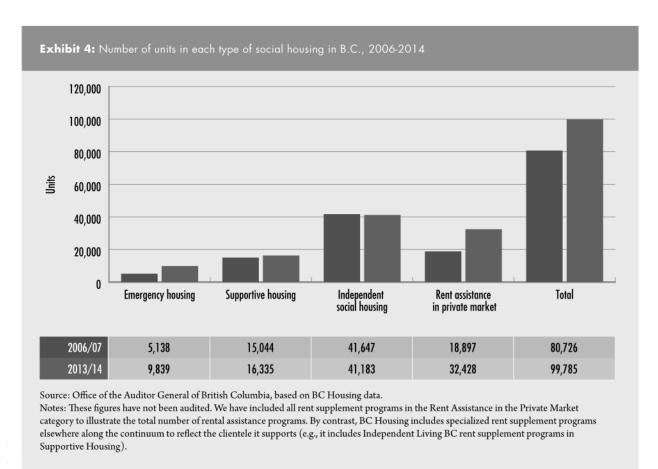
# The Non-Profit Asset Transfer program is a key initiative of the housing strategy

Through the Non-Profit Asset Transfer (NPAT) program, the province is transferring some of its social housing properties to the non-profit sector.

These include:

- public housing properties that the province currently owns and operates
- leased lands that are owned by the province, but leased to a non-profit housing provider who owns and/or operates a building on the site

The program is designed to "rationalize the real estate holdings of the PRHC [Provincial Rental Housing



Corporation] to better support the non-profit sector to increase housing options for low and moderate income households in need and to use the net cash proceeds from the sales to cost-match the IAH [Investment in Affordable Housing Program, a federal housing program] and to reinvest in social housing."

The sale of these assets will generate approximately \$500 million in proceeds that the province can reinvest in social housing. This is based on the value that properties have been appraised at, given their use as social housing.

The program also comes with costs. Although the nonprofit provider takes out a mortgage to buy the asset, the province provides them with a monthly subsidy to cover the principal and interest payments. BC Housing expects these payments to cost \$30.1 million a year, until 2052/2053.

As of October 2016, BC Housing had transferred 134 leased lands and two public housing properties – Stamps Place and Nicholson Towers – two large-scale public housing complexes in downtown Vancouver. These transfers had generated approximately \$238 million in net proceeds.

Based on its October 2016 forecast, BC Housing expects to transfer a total of 290 leased lands and five public housing properties through the NPAT program. This includes Ted Kuhn in Surrey and Sunset Towers in Vancouver – two more public housing properties – that BC Housing will transfer to the successful candidates it announced in October 2016.



Source: Office of the Auditor General of British Columbia, based on BC Housing data from December 2015.

#### Stamps Place

- 375 units
- 9.3 acres
- Built: 1968
- Transfer price: \$66.7 million

## AUDIT OBJECTIVE AND APPROACH

#### **AUDIT OBJECTIVE**

OUR AUDIT EXAMINED how the Ministry Responsible for Housing (the ministry) and the BC Housing Management Commission (BC Housing) planned and implemented the Non-Profit Asset Transfer (NPAT) program. We established separate objectives for the ministry and BC Housing to recognize their distinct roles and responsibilities in providing social housing.

Objective 1: To determine whether the Ministry Responsible for Housing has demonstrated that the potential benefits of the NPAT program outweigh its costs and risks.

Objective 2: To determine whether the BC Housing Management Commission has managed implementation of the NPAT program to achieve the program objectives and outcomes.

For objective 1, we looked to see whether the ministry had:

- clearly defined the program's overall objective (its approach to achieve the program purpose) and its intended outcomes (its benefits)
- adequately assessed the benefits, costs and risks of viable options to achieve the program's purpose
- recommended an option based on an assessment that its benefits would outweigh its costs and risks

For objective 2, we examined whether BC Housing had transferred assets based on an assessment of recipients' ability to meet the intended objective and outcomes of the program.

#### Criteria and sources

We developed our objectives and criteria from several good practice sources on evidence-based policy and decision-making. These include the Ministry of Finance's Capital Asset Management Framework, Risk Management Guidelines, and Core Policy and Procedures Manual, as well as Shared Services BC's Ministry Guide to the Request for Proposals Process. We also considered the Business Case Guide published by the Treasury Board of Canada Secretariat.

#### AUDIT APPROACH

The audit covered the planning, development and implementation of the NPAT program between 2012 and 2016. We also considered information from as far back as 2002, when the first iteration of government's core services review (which examined the structures and methods used by government to deliver its mandates and budgets) was underway. We completed our audit on October 24, 2016.

Our assessment of the ministry's planning for and development of the NPAT program focused on the documents that formed the business case for the program. In examining BC Housing's implementation work, we focussed on how staff had assessed, selected and transferred public housing properties and leased lands as of October 2015. This includes:

- public housing: two public housing properties that the province owns and operates – Stamps Place and Nicholson Towers
- leased land: 114 land sites that the province has leased to non-profit housing providers
- Our work involved:
  - reviewing documents from the ministry and BC Housing on the planning, development and implementation of the program
  - conducting interviews with ministry and BC Housing staff, as well as with staff from nonprofit housing providers involved in the transfers

- consulting with a subject matter expert at the University of New South Wales, Australia, to compare the NPAT program with similar initiatives in other jurisdictions (Australia and the UK)
- visiting close to 20 non-profit housing providers and social housing developments in the Lower Mainland, in Northern B.C. and on Vancouver Island

We conducted our audit under the authority of section 11 (8) of the *Auditor General Act* and in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the CPA Handbook – Assurance and Value-for-Money Auditing in the Public Sector, Section PS 5400.

## **AUDIT CONCLUSION**

#### **OBJECTIVE 1**

We concluded that while the program will provide immediate funding for the ministry to reinvest in housing, it will also incur substantial costs and introduce risks to the long-term provision of social housing in B.C. The ministry has not adequately assessed the benefits of the program against these costs and risks, or shown how the program will contribute to better outcomes for safe, affordable and appropriate housing.

#### **OBJECTIVE 2**

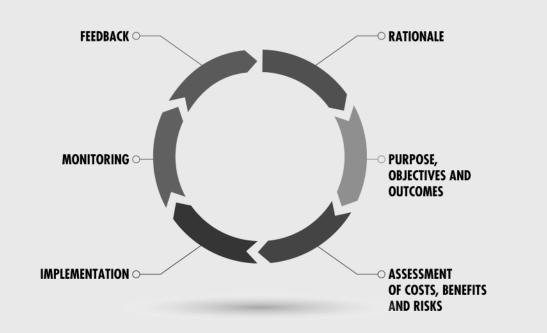
We concluded that BC Housing has transferred social housing assets to achieve the gains on sale and enable short-term investments in social housing, but has not demonstrated that it transferred assets based on the non-profit recipients' ability to renew and increase the social housing stock in the province.

GOVERNMENT, ADMINISTRATORS AND taxpayers expect government programs to provide value for money – meaning programs should represent the best combination of costs and benefits to achieve a specific purpose.

Evidence-based evaluation can help organizations achieve value for money by considering the need for a new program (or change in direction), as well as the costs, benefits and risks of different options

(see Exhibit 5). These considerations are then presented in a business case. We used this approach to evaluate how the ministry and BC Housing planned and implemented the NPAT program.

**Exhibit 5:** Process for developing evidence-based policies and programs



Source: Office of the Auditor General of British Columbia, adapted from the United Kingdom's Treasury Appraisal and Evaluation Cycle.

## The ministry has not defined the challenge that the NPAT program is intended to address

Good practice holds that a business case should start by identifying the challenge or problem that a program is intended to address. This justifies the need for a program by establishing the scope of the issue and the reasons for the intervention.

We expected the ministry to have developed a business case for the NPAT program that clearly described the challenge the program was intended to address. As part of that, we expected the ministry to have identified the gap between where it was and where it wanted to be with respect to social housing, and to have established how the NPAT program would help bridge this gap.

We found that the ministry did not clearly establish why the program was needed. We were unable to agree with government about the disclosure of further information on this. In their view, this information is protected under public interest immunity.

#### **PUBLIC INTEREST IMMUNITY**

Public interest immunity is a common law principle whereby government has an obligation to protect information from being released to the public when keeping the information confidential outweighs the public interest in having it released.

A complete description of the challenge a program is meant to address can both guide development of the objectives and outcomes and serve as a roadmap for other key decisions. The lack of clarity about what the NPAT program was intended to fix makes it difficult for the ministry to demonstrate that the transfer of social housing assets was warranted. It may have also contributed to the challenges we found in the province's planning and implementation of the program, as we discuss later in the report.

#### The NPAT program enabled immediate investments in social housing

Clearly defined objectives and outcomes are critical to building a strong business case. In clear and measurable terms, they establish what the initiative aims to accomplish, and how, and they set a timeframe for implementation. By articulating the expected results, agencies can demonstrate value for money and set the program up for success.

We expected to find that the ministry had established an overall objective and outcomes that addressed the challenge the NPAT program was intended to fix. We also expected the ministry to have completed an analysis that demonstrated how the outcomes would be achieved and to have established clear measures (such as targets or performance indicators) to monitor success.

We found that the ministry did establish an overall objective for the program, namely to "transfer stock [housing units] to the non-profit housing sector."

The ministry also identified eight intended outcomes of the program (see Exhibit 6). We have grouped these into two general categories:

- short-term outcomes to be realized when the assets are sold and the proceeds are reinvested
- long-term outcomes for improving the sustainability of the non-profit housing sector

We found that the ministry's planning for the shortterm outcomes met good practice. The ministry clearly described how the short-term outcomes would be achieved, measured and monitored. And it developed targets and timelines to monitor during implementation.

We also found that the ministry and BC Housing were on track to meet the funding target for the program. As of October 2016, the program had generated approximately \$238 million in cash proceeds and was expected to bring in roughly \$500 million by 2017/18.

The ministry and BC Housing achieved the funding target by transferring fewer units than planned because property values had increased since the program was developed (see Exhibit 7). In keeping with the business case, government authorized BC Housing to subsidize no more than \$30.1 million in annual mortgage payments, but rising property valuations meant that BC Housing had to reduce the number of properties it transferred in order to remain within their budget.

**Exhibit 6:** Intended outcomes of the NPAT program

#### Short-term outcomes

- Generate funding that can be reinvested into strengthening the social housing sector.
- Fulfill the province's cost-matching obligation of \$150 million for the federal government's Extension of the Investment in Affordable Housing (IAH) program.
- 3. Assist more people through rental assistance programs.
- 4. Impact government's fiscal plan positively and contribute to a balanced budget.
- Allow BC Housing to move away from owning and operating social housing.

#### Long-term outcomes

- 6. Support the non-profit sector to increase housing options.
- Ensure the long-term viability of non-profit organizations' current stock by allowing them the ability to leverage assets.
- Provide opportunities for redevelopment, efficiencies, innovation and charitable fundraising through non-profit ownership.

Source: Office of the Auditor General of British Columbia, based on BC Housing data.

#### **INVESTMENT IN AFFORDABLE HOUSING (IAH) PROGRAM**

Through the IAH program, the federal government works with the provinces and territories to improve access to social housing. The IAH agreement between B.C. and the federal government was signed in 2011 and extended in 2014. The 2014 extension committed each government to provide matching contributions of \$150 million for a total investment of more than \$300 million over five years.

Between 2011 and 2019, the program will allocate up to \$1.9 billion in funding across Canada, \$240 million of which is earmarked for B.C.

Funding provided under the program is costmatched by the province and can be used to:

- increase the supply of social housing across Canada
- improve and preserve the quality of social housing
- improve housing affordability for vulnerable Canadians
- foster safe, independent living

Exhibit 7: Progress in transferring assets as of October 2016				
	Original target Oct. 2013	Actual transferred Oct. 2016	Remaining forecast for transfer Oct. 2016	Difference
Public housing	18 (2,841 of 7,100 public housing units)	2	3	- 13
Leased lands	345 (11,661 of 61,000 non-profit housing units)	134	156	- 55

Source: Office of the Auditor General of British Columbia, based on data from BC Housing. Note: Figures have not been audited and are approximate as of October 2016.

The ministry's success in meeting the funding target allowed it to, in turn, begin realizing the program's short-term outcomes. The ministry earmarked all of the proceeds for purposes consistent with its business case, including: reinvesting in the social housing sector; matching the province's obligation under the IAH program; increasing rental assistance programs; and balancing the budget.

BC Housing deposited the funds with the Provincial Treasury for fiscal and debt management purposes and invested the proceeds into two initiatives: the new Provincial Investment in Affordable Housing (PIAH) initiative and the extension to the IAH program –

provincial matching of federal funds (see Exhibit 8). BC Housing anticipates that these programs will fund roughly 4,000 units of all types of social housing, from emergency shelters to rentals for low- and moderate-income families.

The ministry also expanded rental assistance programs through the federal portion of the IAH funding by increasing the rent ceiling (the maximum rent eligible for subsidy) for the Rental Assistance Program (RAP) and Shelter Aid for Elderly Renters (SAFER) program and by expanding the number of supplements for individuals at-risk of homelessness under the Homeless Prevention Program (HPP).



# The ministry did not establish how the NPAT program would enhance the long-term sustainability of the sector

Of the program's eight potential outcomes, three are intended to improve the long-term sustainability of the non-profit housing sector:

- support the non-profit sector to increase housing options
- ensure the long-term viability of non-profit organizations' current stock by allowing them the ability to leverage assets
- provide opportunities for redevelopment, efficiencies, innovation and charitable fundraising through non-profit ownership

However, unlike for the short-term outcomes, we found that the ministry did not describe how the outcomes for the non-profit sector would be achieved, measured or monitored. The ministry did not:

- conduct supporting analysis or obtain evidence demonstrating that the outcomes could be achieved
- establish targets, timelines, or other measures to monitor and demonstrate success

This falls short of meeting good practice and also contrasts with the approach taken by other jurisdictions that have transferred government-owned social housing assets to a third-party provider (see sidebar).

The fact that ministry analysis and targets were limited to the short-term financial outcomes of the program supports that generating cash for reinvestment was a higher priority for the ministry than improving the sustainability of the non-profit sector. This is reinforced by the ministry's decision to stop transferring properties after the financial targets were achieved.

## TARGETS ESTABLISHED THROUGH HOUSING TRANSFERS IN OTHER JURISDICTIONS

United Kingdom – New landlords were required to implement a variety of improvements through the transfer of housing stock. These included repairing and modernizing buildings to a specific standard, guaranteeing rents, improving management services, empowering and protecting tenants, and developing new housing.

Victoria State, Australia – Government required housing associations to expand their portfolios by a minimum of 15% of the value of the transferred properties.

New South Wales, Australia – Contracts with non-profit recipients established specific targets for new builds. Government expected that these would be funded by leveraging the transferred assets and generating new rental income.

We concluded that the ministry's approach increases the risk of the program failing to enhance the long-term sustainability of the social housing stock at a time when the sector is facing challenges (such as growing maintenance needs on aging buildings and the loss of funding from expiring agreements).

**RECOMMENDATION 1:** We recommend that the Ministry Responsible for Housing establish how the Non-Profit Asset Transfer (NPAT) program's intended outcomes for non-profit housing providers will be achieved, measured and monitored.

BC Housing cannot show that it has transferred assets based on the ability of non-profit providers to increase and renew housing stock

Despite the ministry's shortcomings in planning for long-term outcomes, we still expected to find that BC Housing had transferred assets based on an evaluation of each recipient's ability to increase and renew the housing stock. We expected that process to include establishing a list of criteria to evaluate recipients, ensuring that the criteria aligned with the program outcomes, and then selecting non-profit organizations based on an evaluation against the criteria.

We looked at BC Housing's implementation of the two types of transfers separately: public housing properties owned and operated by the province; and land sites leased to non-profit housing providers but owned by the province. Sale of public housing properties

As of October 2016, BC Housing had transferred ownership of two public housing properties – Stamps Place and Nicholson Towers – to non-profit housing providers (see sidebar).

## PROCESS FOR SELECTING NON-PROFIT HOUSING PROVIDERS TO PURCHASE STAMPS PLACE AND NICHOLSON TOWERS

In October 2014, BC Housing invited expressions of interest from non-profit housing providers to purchase Stamps Place and Nicholson Towers in Vancouver. Six non-profit providers made submissions, two of which submitted expressions of interest on both properties.

In January 2015, the BC Housing Board of Commissioners appointed an advisory committee to oversee the selection process after the staff-led process (which followed a structured procurement process) was seen to disqualify strong candidates on the basis of administrative oversights.

The advisory committee consisted of three BC Housing board members, a BC Housing senior executive, and two external advisors. The committee concluded its assessment and made its recommendation to the board in April 2015.

Stamps Place and Nicholson Towers were transferred to New Chelsea Society and The Bloom Group respectively who began operating the properties in April 2016.

We found that BC Housing could not show that it transferred Stamps Place and Nicholson Towers based on an assessment of proponents' ability to meet the long-term outcomes of the program. The committee held all of its meetings *in camera* (in private) and kept no record of its assessment or decision.

Advisory committee members told us that they made their decisions *in camera* to protect the sensitive information that was collected. We accept that protecting information is good practice, but we still expected that the committee would document its criteria and evaluation while keeping the material confidential.

Committee members told us that they put a lot of thought and effort into the evaluation. Several meetings were held, interviews were conducted with interested non-profits, and external experts in social housing were included as members of the advisory committee. Committee members also stressed that an evaluation was conducted, but that the assessment and selection process was done verbally. However, in the absence of documentation, we could not confirm the extent or consistency of the evaluation.

As a result, BC Housing could not demonstrate how the successful proponents were selected over the others and whether the program's long-term outcomes were a factor in the decision.

### Transfer of leased lands

BC Housing has also transferred several parcels of provincially owned land to non-profit housing providers who were previously leasing the sites. As of October 2016, BC Housing had transferred 134 potential sites. We examined the process BC Housing used to transfer the first 114.

Unlike the transfer of Stamps Place and Nicholson Towers, BC Housing did not seek external expressions of interest for the transfer of leased lands. This is because non-profit providers were already operating social housing on the lands in question.

Despite the difference in process, our expectations remained the same: that BC Housing had transferred leased lands based on an evaluation of the non-profit provider's ability to meet the long-term outcomes of the program.

We found that BC Housing did not do this. It did establish a list of criteria against which to evaluate providers, but these criteria were not – with one exception – aligned with the long-term outcomes in the business case (see Exhibit 6). Instead, the criteria focused on the technical aspects of the land title, property status and a provider's interest in acquiring title.

The one exception was a criterion that examined the financial and operational performance of the provider. While this could have shed some insight on a provider's ability to leverage the property, we found that BC Housing did not apply this criterion consistently in its evaluation.

BC Housing narrowly interpreted its role to be that of only creating opportunity (as per the wording of the program outcomes), rather than of ensuring that the outcomes could be realized. BC Housing stated that it did not need to evaluate recipients (for either type of transfer) against the program outcomes because

the benefit for the provider was achieved at the point of transfer – transferring the asset strengthened a provider's balance sheet, enabling the provider to borrow funds for maintenance, repairs or new housing.

While we recognize that transferring assets could indeed create opportunities for non-profit providers, realizing these may not be as simple as BC Housing suggests. According to research by the BC Non-Profit Housing Association, refinancing, adding more units to an existing site and redeveloping the property are among the most difficult options for societies to implement.

We found that BC Housing did not demonstrate whether the transfer of public housing properties and leased lands would result in new stock or renewal of the existing stock. This approach has increased the risk that the program will not achieve its intended outcomes and enhance the long-term sustainability of social housing in B.C.

#### **RECOMMENDATION 2:** We recommend

that the BC Housing Management Commission transfer housing assets based on a documented assessment of a non-profit provider's ability to meet the desired program outcomes.

#### **RECOMMENDATION 3:** We recommend

that the BC Housing Management Commission monitor and report annually on progress made to achieve the NPAT program's intended outcomes for the non-profit sector. The ministry has not assessed how the program will impact access to safe, affordable and appropriate housing in B.C.

The ministry cannot demonstrate how the program aligns with its mandate

Aligning expected outcomes with an organization's purpose ensures that new or updated programs support the mandate of the organization. We expected to find that the ministry had aligned the NPAT program outcomes with its mandate for housing – that "British Columbians have access to safe, affordable and appropriate housing..."

While we agree that expanding rental assistance programs and reinvesting in social housing enable the ministry to support households in need, the

# THE CMHC'S DEFINITIONS OF SAFE, AFFORDABLE AND APPROPRIATE

- Safe (what the CMHC defines as adequate): Housing that does not require major repairs.
- Affordable: Housing that costs less than 30% of a household's pre-tax income.
- Appropriate (what the CMHC defines as suitable): Housing that has a sufficient number of bedrooms for the household's size and composition.

ministry has not demonstrated how this assistance, or the program in general, will result in housing that is safe, affordable and appropriate. This is because the ministry has not clearly or consistently defined what "safe, affordable and appropriate housing" means, nor has it established what level of access it intends to provide. The ministry told us that while the CMHC's definitions of safe, affordable and appropriate (see text box) are generally used in the housing sector, its policies and programs include housing options that fall outside these standards (although the ministry could not provide a standard target). This inconsistency makes it impossible to determine how the NPAT program, or any program, aligns with the ministry's mandate.

**RECOMMENDATION 4:** We recommend that the Ministry Responsible for Housing clearly define what providing the people of B.C. with "access to safe, affordable and appropriate housing" means, and how the NPAT program

will contribute to achieving it. This should include performance measures and targets.

The ministry has not mitigated the risks that the program poses to social housing

The NPAT program supports evolving changes the ministry has made to the type of social housing it funds and how BC Housing delivers it. However, we found that the ministry has not evaluated how these shifts impact the provision of social housing. We identified three main areas of risk:

 The move away from rent-gearedto-income (RGI) units

Currently, about two-thirds of the province's supportive and independent housing units are RGI units. The rest are a mix of low-end-of-market rent or market rent, fixed rent and Independent Living BC units (subsidized housing for seniors).

RGI units are the only form of social housing that meets the CMHC's affordability standard of ensuring that households pay no more than 30% of income towards rent. They are also an expensive form of social housing for providers and governments to run, requiring a large subsidy to bridge the gap between what the unit costs to maintain and operate and what tenants pay at 30% of their income.

Most of the new units funded through the NPAT program will not be RGI. Although the proposals for these units are still under review, early indications

#### **TYPES OF RENT**

- Market units set rent according to the average rent for similar units in the private market.
- Low-end-of-market units set rent at roughly 80–90% of the average market rent.
- Fixed-rent units sent rent at a flat amount regardless of income.
- Independent Living BC units require tenants to pay about 70% of their aftertax income on rent.

suggest that most units will charge low-end-of- market and market rent, with only the potential for some RGI.

BC Housing also anticipates that providers who receive transferred assets with RGI units may need to convert these to low-end-of-market or market rentals over time if they are to remain viable. These shifts move the province away from RGI units towards market-based rentals.

Despite this, the ministry has not examined how its changing mix of units (including investments from the NPAT program) addresses the affordability challenges that households face and whether it is effective in providing the people of British Columbia with access to safe, affordable and appropriate housing.

# 2. Increased reliance on rental assistance programs

The NPAT program aligns with the ministry's growing use of rental assistance programs as a means for supporting households in need. While these programs (in place since 2005) enable the province to provide immediate benefit to households in need and allow tenants to choose where they want to live, the ministry has not evaluated whether they provide adequate housing.

Research by the ministry (when the RAP program was designed in 2006) found that tenants in rental assistance programs consistently pay more than 30% of their income towards rent. In addition, because rental assistance programs subsidize renters in the private market, the province has no direct oversight for the safety and appropriateness of units (in contrast to the oversight it has for public and non-profit housing).

The low vacancy rate and high rent in major B.C. municipalities also make accessing rental units a challenge.

## Effects of change in the delivery model

In addition to generating money for reinvestment in social housing, the NPAT program allows BC Housing to move away from owning and operating social housing. This will result in the non-profit housing sector assuming more responsibility for the provision of social housing.

As reflected in the background of the report, the non-profit housing sector has provided, and continues to provide, significant contributions to social housing. Its involvement in social housing has continued to grow since the early 1970s when partnerships with the sector were first struck. Despite this evolution, the ministry has not evaluated how the different ownership models (government and non-profit) impact social housing outcomes. This applies to existing properties, as well as those transitioning from public to non-profit ownership under the NPAT program.

The ministry knew that transferring ownership involved giving up some control of social housing stock and ownership of government assets, which could lead to properties falling out of use as social housing. The ministry and BC Housing told us that operating agreements, covenants on title, and the *Societies Act* protect against these risks. However, we found that these controls do not provide absolute protection of the stock.

- Operating agreements can be terminated Non-profit providers that receive funding from BC Housing are subject to the limitations and controls within their operating agreement, including regular financial and operational reviews and restrictions on how they can use their funding. Despite these controls, a non-profit provider could choose to end its operating agreement early by paying off the remainder of its mortgage. Once that happens and the operating agreement ends, the nonprofit society has full ownership and can decide how it uses the property.
- Covenants on title are not in perpetuity As part of the terms of transfer, recipient non-profit housing providers must agree to a covenant on title under section 219 of the Land Title Act. These covenants restrict the use of the land to the provision of social housing while the operating agreement is in effect and they may continue once the agreement ends. However, once the mortgage has been repaid and the operating agreement ended, the non-profit provider can require the province to remove the covenant. As a result, covenants on title do not guarantee that the assets transferred under the NPAT program will continue to be used for social housing.
- The Societies Act does not guarantee that
   assets will remain as social housing The
   ministry also cited the Societies Act as a
   protection against the loss of affordable
   housing stock transferred through the NPAT
   program. Under the Act, societies must adhere
   to a variety of restrictions, including how they

distribute their property. If a society decides to sell its property, it must do so to further its purpose.

Societies that receive funding from BC Housing must have a purpose to provide affordable housing. This, however, may not be a society's only purpose: some have multiple objectives, such as providing outreach services or delivering health and social services. As a result, societies that receive transferred assets under the NPAT program could use these properties as investments in other charitable pursuits after their agreement has ended.

In summary, we found that under the NPAT program, the ministry is divesting itself of social housing without having assessed and mitigated the risks this might have on the amount and type of available social housing.

**RECOMMENDATION 5:** We recommend

that the Ministry Responsible for Housing assess and mitigate the risks that the NPAT program introduces to social housing. This process should include evaluating how the provision of safe, affordable and appropriate housing is affected by the move away from rent-geared-to-income units, the use of rental assistance programs and the change in delivery model.

# The province will subsidize \$1 billion of mortgage payments over the 35 years of the program

Another key component of planning involves assessing the financial impact a program will have. This involves determining the costs a program will incur over its lifecycle.

We expected to find that the ministry had completed a detailed assessment of the NPAT program's costs, including the initial investment and any ongoing costs.

# NET PRESENT VALUE (NPV) CALCULATION

NPV calculations estimate the future value of a project's cash flows. This approach recognizes that money is always worth more now than it is in the future because it can be invested, and earn interest, and the value of future funding is eroded by inflation.

The NPV of a project is calculated by monetizing its costs and benefits over time and discounting them into present dollars.

If the project's proceeds outweigh its costs, it is considered to be a positive NPV and a good financial decision.

Financial analysis is an important part of decision-making. It helps organizations better understand the financial risks, costs and sensitivities of a decision. However, it can rarely provide a conclusive answer on whether to proceed with a program. Models are based on assumptions that can be subjective and change over time.

We found that the ministry did do this. Consistent with good practice, it assessed the initial investment required for the program as well as the long-term costs.

Over time, the program will create a \$1 billion longterm cost commitment for the province. These costs will result from BC Housing paying the mortgage for the properties that it transfers to non-profit housing providers (which it does by giving societies a subsidy to cover the principal and interest payments).

The ministry calculated that the long-term program costs were offset by the proceeds it generates, resulting in a net present value (NPV) (see sidebar) of plus \$95 million. However, we found that the ministry's NPV did not account for implementation costs of about \$30 million. The NPV also included the federal IAH funding of \$150 million as a proceed of the program – yet receiving the IAH funding did not depend on the NPAT program and the province could have accessed cost-matching dollars from an alternative source.

We calculated that removing the federal IAH funding and including the implementation costs would result in a more conservative NPV of minus \$73 million. Therefore, the transfer of assets could result in a financial cost rather than a financial benefit.

# The program's value for money has not been demonstrated

Once an organization has identified and assessed the costs, benefits and risks of a program, good practice recommends that it examine whether the benefits outweigh the costs and risks, and whether the program provides value for money.

We expected to find that the ministry had recommended moving forward with the NPAT program based on an analysis that showed the program would provide value for money. Instead, we found that the ministry had not recommended the NPAT program based on an adequate analysis of its benefits, costs and risks. We were unable to agree with government about the disclosure of further information on this. In their view, this information is protected under public interest immunity.

While the program will provide immediate funding for reinvestment in housing, it will also introduce significant costs and risks without the ministry demonstrating that it will result in better outcomes for social housing.



#### Location

623 Fort Street Victoria, British Columbia Canada V8W 1G1

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### **AUDIT TEAM**

Malcolm Gaston, Assistant Auditor General

Peter Nagati, Executive Director

Laura Pierce, Manager

Peter Argast, Assistant Manager

## SUBJECT MATTER EXPERT

Hal Pawson





# Select Standing Committee on Public Accounts January 31, 2018

Office of the Auditor General
An Audit of BC Housing's Non-Profit Asset Transfer Program

Greg Steves
Assistant Deputy Minister
Office of Housing and Construction Standards
Ministry of Municipal Affairs and Housing

Shayne Ramsay
Chief Executive Officer
British Columbia Housing Management Commission

4



# Non-Profit Asset Transfer (NPAT) Program Overview

- Two types of transfers:
  - Leased land to non-profits that already own and operate housing on site
  - Public housing developments to non-profits to own and operate
- Program will complete at end of 2017/18 fiscal year





# **Program Purpose**

- Support a strong non-profit housing sector
- Transfer stock to the non-profit sector where appropriate

Generate revenue for reinvestment in new affordable housing







# **Transfer of Leased Properties**

e.g. Affordable Housing Societies





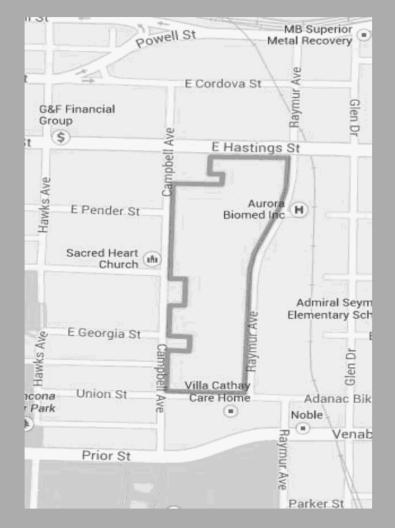
/



# **Transfer of Public Housing**

e.g. Stamps Place







# **Reinvesting NPAT Assets**

Net Proceeds = \$505 million

\$150 million =
Provincial Federal
Cost-Matching
Program

\$150 million = Federal Funding Program





\$355 million = New construction and renovation

9



## **Short-Term Outcomes**

- Generate funding that can be reinvested into strengthening the social housing sector
- Fulfil the province's cost-matching obligation of \$150 million for the federal government's Extension of the Investment in Affordable Housing (IAH) program
- Impact government's fiscal plan positively and contribute to a balanced budget

•



## **Short-Term Outcomes**

- 4. Assist more people through rental assistance programs
- 5. Allow BC Housing to move away from owning and operating social housing

,



# **Long-Term Outcomes**

- 6. Support the non-profit sector to increase housing options
- 7. Ensure the long-term viability of non-profit organizations' current stock by allowing them the ability to leverage assets
- 8. Provide opportunities for redevelopment, efficiencies, innovation and charitable fundraising through non-profit ownership



# **Examples of Leveraging**

Pacifica Housing Advisory Association







# **Examples of Leveraging**

CMHA for the Kootenays





# **NPAT Recognized by National Award**

Silver winner of Public Sector Leadership Awards in 2015











# **Key Audit Report Findings**

- The social housing sector was facing significant challenges
- Government did not define what "safe, affordable, appropriate" housing meant
- The outcomes of the program were not well-defined
- The province will provide non-profits with \$30 million per year to cover mortgage costs
- The Ministry did not adequately mitigate risks



# **Government's Response**

- The Ministry and BC Housing accept and have implemented all of the recommendations.
- Government will define affordable housing in the new comprehensive housing strategy.



# **Government's Response**

- Government disagrees with the magnitude of risks introduced by NPAT. BC Housing has ensured that risk is contained and subsidies are maintained.
- The Ministry and BC Housing have reported quarterly to Treasury Board on the transfers.
- For every transfer, BC Housing's Executive Committee assesses
  the appropriateness of the transfer. The Board of Commissioners
  has improved the documentation of its criteria and assessment
  process for the transfer of directly managed buildings.



# **Summary**

Thank you to the Auditor General and her team for the report

4:



# **Questions?**

4;

Ministry of Municipal Affairs and Housing

An Audit of BC Housing's Non-Profit Asset Transfer Program Released March/17

http://www.bcauditor.com/sites/default/files/publications/reports/FINAL\_BC\_Housing.pdf

Initial PAC Meeting- [DD/MM/YY]

1<sup>st</sup> Action Plan Update [DD/MM/YY]

2<sup>nd</sup> Action Plan Update [DD/MM/YY]

Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Ministry of Municipal Affairs and Housing and BC Housing <sup>1</sup>	Action Taken <sup>2</sup>
1.	The Ministry Responsible for Housing establish how the Non-Profit Asset Transfer (NPAT) program's intended outcomes for non-profit housing providers will be achieved, measured and monitored.	In 2017/18, the final transfers of properties under the NPAT program will be completed. BC Housing will continue to report to the Ministry Repsonisble for Housing on the number of properties transferred, the proceeds received and the progress in reinvesting the NPAT funds into new affordable housing projects.	April 2018	Fully Implemented	Quarterly reporting is in place.

#### Please provide your email response to:

Attention: Bruce Ralston, Chair of the Select Standing Committee on Public Accounts

Email: publicaccountscommittee@leg.bc.ca and Mary.Newell@leg.bc.ca

Cc email to: the Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

Cc email to: the Office of the Auditor General of British Columbia actionplans@bcauditor.com

<sup>&</sup>lt;sup>1</sup>The Select Standing Committee on Public Accounts (PAC) will request an update (i.e Assessment of Progress and Actions Taken column completed) on a yearly basis from the audited organization until all recommendations are fully implemented or otherwise addressed to the satisfaction of the PAC.

<sup>&</sup>lt;sup>2</sup> This action plan and their subsequent updates have not been audited by the OAG. However, at a future date that Office may undertake work to determine whether the entity has accurately represented their progress in addressing the recommendations. The results of that work will be reported in a separate report prepared by the OAG.

Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Ministry of Municipal Affairs and Housing and BC Housing <sup>1</sup>	Action Taken <sup>2</sup>
2.	The BC Housing Management Commission transfer housing assets based on a documented assessment of a non-profit provider's ability to meet the desired program outcomes.	BC Housing has taken steps to enhance documentation of all aspects of the assessment of non-profit providers' ability to meet desired program outcomes.		Fully implemented	For every transfer under the NPAT program, BC Housing's Executive Committee assesses the appropriateness of the transfer and the non-profit provider's ability to continue to manage the affordable housing project. In addition the Board of Commissioners improved the documentation of its criteria and assessment process for the transfer of the directly managed buildings.
3.	The BC Housing Management Commission monitor and report annually on progress made to achieve the NPAT program's intended outcomes for the non-profit sector.	The key long-term objective of the NPAT program was to strengthen the non-profit housing sector by transferring land assets to them and improving their ability to support better long term planning and self sufficiency. BC Housing will continue to report to the Ministry Responisble for Housing on the number of properties transferred, the proceeds received and the progress in reinvesting the NPAT funds into new affordable housing projects.		Fully implemented	Quarterly reporting is in place.
4.	The Ministry Responsible for Housing clearly define what providing the people of B.C. with "access to safe, affordable and appropriate housing" means, and how the NPAT program will contribute to achieving it. This should include performance measures and targets.	Government has committed to defining affordable housing as part of the new housing strategy.		Partially implemented	The new housing strategy is under development.

#### Please provide your email response to:

Attention: Bruce Ralston, Chair of the Select Standing Committee on Public Accounts

Email: publicaccountscommittee@leg.bc.ca and Mary.Newell@leg.bc.ca

Cc email to: the Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

Cc email to: the Office of the Auditor General of British Columbia actionplans@bcauditor.com



## **DRAFT AGENDA**

### **Select Standing Committee on Public Accounts**

# Wednesday, January 31, 2018 9:00 a.m. to 4:00 p.m.

Room 1400-1410, Segal Graduate School of Business 500 Granville Street, Vancouver, B.C.

1. Consideration of the Office of the Auditor General Report: *An Audit of BC Housing's Non-Profit Asset Transfer Program* (March 2017) (9 am to 12 noon)

#### Office of the Auditor General:

To be confirmed

#### Government:

To be confirmed

Committee Recess (12 noon to 1 pm)

 Consideration of the Office of the Auditor General Report: Progress Audit: Evergreen Line Rapid Transit Project (February 2017) (12 1 pm to 2:30 pm)

#### Office of the Auditor General:

To be confirmed

#### **Government:**

- To be confirmed
- 3. Consideration of the Office of the Auditor General Audit Report: Follow-up on Missing Women's Commission of Inquiry (December 2016) (2:30 pm to 4:00 pm)

#### Office of the Auditor General:

• To be confirmed

#### **Government:**

- To be confirmed
- 4. Any other business

Shirley Bond, MLA Chair Kate Ryan-Lloyd Deputy Clerk and Clerk of Committees

## SELECT STANDING COMMITTEE ON PUBLIC ACCOUNTS (PAC)

## **MEMBERS**

NAME OF MEMBER	RIDING
Shirley Bond - Chair	Prince George-Valemount
Mitzi Dean - Deputy Chair	Esquimalt-Metchosin
John Yap	Richmond-Steveston
Garry Begg	Surrey-Guildford
Rick Glumac	Port Moody-Coquitlam
Bowinn Ma	North Vancouver-Lonsdale
Adam Olsen	Saanich North and the Islands
Ralph Sultan	West Vancouver-Capilano
Jane Thornewaite	North Vancouver-Seymour
Clerk to the Committee	
Kate Ryan-Lloyd	Deputy Clerk and Clerk of Committees



#### BRIEFING NOTE FOR INFORMATION

**Date:** February 7, 2018

**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Non-Profit Asset Transfer Program Follow-up

**Meeting With:** BC NDP Government Caucus on February 8, 2018

#### **SUMMARY:**

 January 31, 2018, Greg Steves and Shayne Ramsay presented at the Select Standing Committee on Public Accounts to review the Auditor General's report on the Non-profit Asset Transfer (NPAT) program released last spring.

• This is the final year of the NPAT program and there are no plans to extend it. Ten properties are currently in the process of being transferred.

#### BACKGROUND:

Through the NPAT program, BC Housing has transferred ownership of social housing properties from the Provincial Rental Housing Corporation to non-profit societies that own and operate social housing on these properties on leased land. The program was introduced in the update to the provincial housing strategy in 2014.

In March 2017, the Office of the Auditor General (OAG) released *An Audit of BC Housing's Non-Profit Asset Transfer Program* (See Appendix 1).

On Wednesday January 31, 2018, the Auditor General and her staff presented to the Select Standing Committee on Public Accounts (PAC) on the NPAT Audit Report. Greg Steves and Shayne Ramsay responded on behalf of government. The transcript of the meeting is in Hansard (See Appendix 2).

This is the final year of the NPAT program and there are no plans to extend it. Ten properties are currently in the process of being transferred prior to the end of fiscal 2017/18.

#### DISCUSSION:

Ten projects are in the final stage of being transferred through NPAT, prior to the completion of the program. All properties are under executed contracts of purchase and sale, and will be transferred before March 31, 2018.

	Community	Project Name	Non-profit Operator / Primary Lease Holder
1		Haney Pioneer	
1.	Maple Ridge	Village Co-op	Haney Pioneer Village Co-operative
2.		Roche Point	
۷.	New Hazelton	Lodge	Roche View Lodge Society
		Yellowhead	
3.		Pioneer	
	Barriere	Residence	Yellowhead Pioneer Residence Society
4		Queen Charlotte	Queen Charlottes Heritage Housing
4.	Queen Charlotte	City	Society



	Community	Project Name	Non-profit Operator / Primary Lease Holder
5.			Affordable Housing Charitable
Э.	Burnaby	Concordia Court	Association
6.	New Westminster	Legion Manor	The Royal City Legion Housing Society
7			South Country Housing Project
_′.	Jaffray	Pinewood Manor	Society
8.	Merritt	Phelan House	The Phelan Senior Citizen's Society
9.	Kelowna	The Burtches	Orchard Valley Senior Housing Society
10		Golden Age	
10.	Vancouver	Court	Vancouver Pacific Housing Society

#### FINANCIAL IMPLICATIONS:

None

### Attachments: (2)

- 1. An Audit of BC Housing's Non-Profit Asset Transfer Program
- 2. Select Standing Committee on Public Accounts January 31, 2018, NPAT Audit Transcript

PREPARED BY:

Hannah Rabinovitch, Senior Policy Analyst Housing Policy Branch (250) 480-8492 APPROVED BY:

Greg Steves, Assistant Deputy Minister Office of Housing and Construction Standards

Jacqueline Dawes, Deputy Minister

DATE APPROVED:

February 6, 2018

February 7, 2018

Page 073 to/à Page 113

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DUPLICATE

#### Second Session, 41st Parliament (2018)

This is a DRAFT TRANSCRIPT ONLY of debate in one sitting of the Legislative Assembly of British Columbia. This transcript is subject to corrections, and will be replaced by the final, official Hansard report. Use of this transcript, other than in the legislative precinct, is not protected by parliamentary privilege, and public attribution of any of the debate as transcribed here could entail legal liability.

## REPORT OF PROCEEDINGS

(HANSARD BLUES)

# SELECT STANDING COMMITTEE ON PUBLIC ACCOUNTS

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#### Sergeant, Christine OHCS:EX

From: Nicholls, Barrie MAH:EX on behalf of Minister, MAH MAH:EX

Sent: Thursday, December 7, 2017 11:03 AM

**To:** 'kmelliship@greatervichousing.org'; 'pbuchannon@newchelsea.ca'

**Subject:** 207403: Non Profit Asset Transfer Program

Ref: 207403

Kaye Melliship Executive Director Greater Victoria Housing Society

Patrick Buchannon, BA, CIHCM Executive Director New Chelsea Society

Email: kmelliship@greatervichousing.org

pbuchannon@newchelsea.ca

Dear Ms. Melliship and Mr. Buchannon:

Thank you for your letter regarding the transfer of land to non-profit societies and your kind words on my appointment as Minister of Municipal Affairs and Housing. I apologize for the delay in responding.

I appreciate your articulation of the benefits of the Non-Profit Asset Transfer Program, which I understand supports the sector and can generate funds for reinvestment in social housing. The first phase of the Non-Profit Asset Transfer Program has been completed, and no decision has yet been made regarding a possible second phase of the Program. I have also reviewed your comments regarding the Provincial Investment in Affordable Housing Program and the approach of funding through purchase of units rather than ongoing operating grants. I have shared your comments with appropriate Ministry of Municipal Affairs and Housing staff for thorough consideration as we continue to analyze the best options for moving forward to address our goals related to affordable housing.

Our government shares a common purpose with the non-profit housing sector to provide stable, safe and affordable housing for British Columbians. I look forward to working with both of your societies as the Province of British Columbia continues its work to meaningfully increase the supply of affordable market rental, non-profit, co-operative, supported social housing and owner-purchase housing.

Thank you again for writing.

Sincerely,

Selina Robinson Minister of Municipal Affairs and Housing

From: Kaye Melliship [mailto:kmelliship@greatervichousing.org]

Sent: Monday, September 18, 2017 4:13 PM

To: Minister, MAH MAH:EX

Cc: 'Pat Buchannon'

Subject: 207403 Non Profit Asset Transfer Program

Dear Minister Robinson,

First, congratulation on being named Minister of Municipal Affairs and Housing.

Pat Buchannon, Executive Director of New Chelsea Society and I have some comments to share with you regarding the transfer of land to non-profit societies, in response to an article we read in the Globe and Mail today.

We look forward to working with you and your government as you shape new housing programs and work to meet the needs of low to moderate income British Columbians.

Warm Regards,

Kaye Melliship
Executive Director



2326 Government Street Victoria, BC, V8T 5G5 Tel: 250.384.3434 ex. 32 Fax: 250 386.3434

www.greatervichousing.org



Patrick Buchannon, BA, CIHCM Executive Director

7501 Sixth Street, Burnaby, BC V3N 3M2 Tel: 604.395.4370 Fax: 604.395.4376

Email: <u>pbuchannon@newchelsea.ca</u> Website: <u>www.newchelsea.ca</u> Page 159 to/à Page 168

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Page 169 to/à Page 209

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Ministry of Municipal Affairs and Housing

An Audit of BC Housing's Non-Profit Asset Transfer Program Released March/17

http://www.bcauditor.com/sites/default/files/publications/reports/FINAL\_BC\_Housing.pdf

Initial PAC Meeting- [DD/MM/YY]

1st Action Plan Update [DD/MM/YY]

2<sup>nd</sup> Action Plan Update [DD/MM/YY]

Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Entity <sup>1</sup>	Action Taken <sup>2</sup>
1.	The Ministry Responsible for Housing establish how the Non-Profit Asset Transfer (NPAT) program's intended outcomes for non-profit housing providers will be achieved, measured and monitored.	Briefly describe the actions you plan to take to address the recommendation-	Include a target date for implementing actions	Fully or substantially implemented Partially Implemented Alternative action taken No action taken	Describe the actions taken that provide an explanation for the assessment of progress—these actions should address the recommendation
2.	The BC Housing Management Commission transfer housing assets based on a documented assessment of a non-profit provider's ability to meet the desired program outcomes.				

#### Please provide your email response to:

Attention: Bruce Ralston, Chair of the Select Standing Committee on Public Accounts

Email: <u>publicaccountscommittee@leg.bc.ca</u> and <u>Mary.Newell@leg.bc.ca</u>

Cc email to: the Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

 ${\tt Cc\ email\ to: the\ Office\ of\ the\ Auditor\ General\ of\ British\ Columbia\ } \underline{actionplans@bcauditor.com}$ 

<sup>&</sup>lt;sup>1</sup>The Select Standing Committee on Public Accounts (PAC) will request an update (i.e Assessment of Progress and Actions Taken column completed) on a yearly basis from the audited organization until all recommendations are fully implemented or otherwise addressed to the satisfaction of the PAC.

<sup>&</sup>lt;sup>2</sup> This action plan and their subsequent updates have not been audited by the OAG. However, at a future date that Office may undertake work to determine whether the entity has accurately represented their progress in addressing the recommendations. The results of that work will be reported in a separate report prepared by the OAG.

Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Entity <sup>1</sup>	Action Taken <sup>2</sup>
3.	The BC Housing Management Commission monitor and report annually on progress made to achieve the NPAT program's intended outcomes for the non-profit sector.				
4.	The Ministry Responsible for Housing clearly define what providing the people of B.C. with "access to safe, affordable and appropriate housing" means, and how the NPAT program will contribute to achieving it. This should include performance measures and targets.				
5.	The Ministry Responsible for Housing assess and mitigate the risks that the NPAT program introduces to social housing. This process should include evaluating how the provision of safe, affordable and appropriate housing is affected by the move away from rent-geared-to-income units, the use of rental assistance and the change in delivery model.				

Prepared by: [Name of Entity]

#### Please provide your email response to:

Attention: Bruce Ralston, Chair of the Select Standing Committee on Public Accounts

Email: <u>publicaccountscommittee@leg.bc.ca</u> and <u>Mary.Newell@leg.bc.ca</u>

Cc email to: the Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca





September 18, 2017

Honorable Selina Robinson Minister for Municipal Affairs and Housing Province of British Columbia

Dear Minister Robinson:

As Executive Directors of Greater Victoria Housing Society and New Chelsea Society we were disappointed to read an article in the Globe and Mail titled "Province mulls ending housing transfers" (September 18, 2017).

Greater Victoria Housing Society has been operating for over 60 years in the Victoria region. The Society has 15 properties and provides 765 homes for seniors, families, adults with disabilities and those in the low wage workforce.

New Chelsea Society was founded in 1952 by five Branches of the Royal Canadian Legion and has 20 properties in five Lower Mainland municipalities, providing 1,432 homes for limited income veterans, independent seniors, seniors who required support services, families, and persons with disabilities.

Seven of Greater Victoria Housing Society's 15 properties were transferred to the society as part of the Non-Profit Asset Transfer Program. Ten of New Chelsea's 20 properties were transferred under the program.

We embraced the opportunity to take on land ownership for properties where we already own and maintain the buildings on the land. It makes it easier to plan the future of these buildings when we have the land secured. The land increases our asset base which we can leverage for major capital repairs or to create new development to increase the number of affordable units we can provide. New Chelsea has also shown that non-profit ownership can really work for previously publicly owned housing complexes like Stamps Place.

I think you will find many of us in the non-profit sector have a very entrepreneurial spirit and a real conviction and capacity to protect existing affordable housing and to contribute to greatly expanding the supply of much needed housing.

We find the notion that somehow affordable housing is less secure if handed to the non-profit sector to be insulting. Our constitutions clearly state our purpose is to provide affordable rental housing. Our volunteer Boards of Directors expend considerable effort to ensure we meet our mandate.

On a similar note, Greater Victoria Housing Society takes issue with the Provincial Investment in Affordable Housing Program (PIAH) whereby the government buys part of a new building we develop rather than providing a grant or operating subsidy. We find the terms of this program to increase cost,

complexity and risk to the non-profit sector. Please reconsider this program and create one that creates incentives for societies like ours to build more affordable rental housing.

Nonetheless, we are very excited about your government's interest in significantly increasing affordable housing in British Columbia. Please count us in to help in any way we can.

Your truly,

(for Pat Buchannon)

Kaye Melliship Executive Director



Kaye Melliship

2326 Government Street Victoria, BC, V8T 5G5

Tel: 250.384.3434 ex. 32

Email: kmelliship@greatervichousing.org



Patrick Buchannon, BA, CIHCM Executive Director 7501 Sixth Street, Burnaby, BC V3N 3M2

Tel: 604.395.4370

Email: pbuchannon@newchelsea.ca

# Page 214

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Page 215 to/à Page 225

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Ministry of Municipal Affairs and Housing

An Audit of BC Housing's Non-Profit Asset Transfer Program Released March/17

http://www.bcauditor.com/sites/default/files/publications/reports/FINAL\_BC\_Housing.pdf

Initial PAC Meeting- [DD/MM/YY]

1<sup>st</sup> Action Plan Update [DD/MM/YY]

2<sup>nd</sup> Action Plan Update [DD/MM/YY]

Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Ministry of Municipal Affairs and Housing and BC Housing <sup>1</sup>	Action Taken <sup>2</sup>
1.	The Ministry Responsible for Housing establish how the Non-Profit Asset Transfer (NPAT) program's intended outcomes for non-profit housing providers will be achieved, measured and monitored.	In 2017/18, the final transfers of properties under the NPAT program will be completed. BC Housing will continue to report to the Ministry Repsonisble for Housing on the number of properties transferred, the proceeds received and the progress in reinvesting the NPAT funds into new affordable housing projects.	April 2018	Fully Implemented	Quarterly reporting is in place.

#### Please provide your email response to:

Attention: Bruce Ralston, Chair of the Select Standing Committee on Public Accounts

Email: <u>publicaccountscommittee@leg.bc.ca</u> and <u>Mary.Newell@leg.bc.ca</u>

Cc email to: the Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

<sup>&</sup>lt;sup>1</sup>The Select Standing Committee on Public Accounts (PAC) will request an update (i.e Assessment of Progress and Actions Taken column completed) on a yearly basis from the audited organization until all recommendations are fully implemented or otherwise addressed to the satisfaction of the PAC.

<sup>&</sup>lt;sup>2</sup> This action plan and their subsequent updates have not been audited by the OAG. However, at a future date that Office may undertake work to determine whether the entity has accurately represented their progress in addressing the recommendations. The results of that work will be reported in a separate report prepared by the OAG.

Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Ministry of Municipal Affairs and Housing and BC Housing <sup>1</sup>	Action Taken <sup>2</sup>
2.	The BC Housing Management Commission transfer housing assets based on a documented assessment of a non-profit provider's ability to meet the desired program outcomes.	BC Housing has taken steps to enhance documentation of all aspects of the assessment of non-profit providers' ability to meet desired program outcomes.		Fully implemented	For every transfer under the NPAT program, BC Housing's Executive Committee assesses the appropriateness of the transfer and the non-profit provider's ability to continue to manage the affordable housing project. In addition the Board of Commissioners improved the documentation of its criteria and assessment process for the transfer of the directly managed buildings.
3.	The BC Housing Management Commission monitor and report annually on progress made to achieve the NPAT program's intended outcomes for the non-profit sector.	The key long-term objective of the NPAT program was to strengthen the non-profit housing sector by transferring land assets to them and improving their ability to support better long term planning and self sufficiency. BC Housing will continue to report to the Ministry Responisble for Housing on the number of properties transferred, the proceeds received and the progress in reinvesting the NPAT funds into new affordable housing projects.		Fully implemented	Quarterly reporting is in place.
4.	The Ministry Responsible for Housing clearly define what providing the people of B.C. with "access to safe, affordable and appropriate housing" means, and how the NPAT program will contribute to achieving it. This should include performance measures and targets.	Government has committed to defining affordable housing as part of the new housing strategy.		Partially implemented	The new housing strategy is under development.

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Email: <u>publicaccountscommittee@leg.bc.ca</u> and <u>Mary.Newell@leg.bc.ca</u>

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Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Ministry of Municipal Affairs and Housing and BC Housing <sup>1</sup>	Action Taken <sup>2</sup>
5.	The Ministry Responsible for Housing assess and mitigate the risks that the NPAT program introduces to social housing. This process should include evaluating how the provision of safe, affordable and appropriate housing is affected by the move away from rent-geared-to-income units, the use of rental assistance and the change in delivery model.	BC Housing continues to monitor the provision of affordable housing by non-profit housing providers in the projects transferred under the NPAT program. There has been no reduction in the number of rentgeared-to-income units in these projects.		Fully Implemented	For every transfer under the NPAT program, BC Housing's Executive Committee assesses the appropriateness of the transfer and the non-profit provider's ability to continue to manage the affordable housing project. These assessments have not identified any increased risk resulting from the transfer of land ownership.

Prepared by: Ministry of Municipal Affairs and Housing

#### Please provide your email response to:

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Email: <u>publicaccountscommittee@leg.bc.ca</u> and <u>Mary.Newell@leg.bc.ca</u>

Cc email to: the Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

#### Sergeant, Christine OHCS:EX

From: John Bell <jbell@bchousing.org>
Sent: Monday, January 29, 2018 2:02 PM
To: Rabinovitch, Hannah R OHCS:EX

Cc: Lam, Roger OHCS:EX
Subject: RE: QAs on NPAT follow-up

Hi Hannah, much of this info got included in the presentation speaking notes. But Cathy will also put it below for you.

From: Rabinovitch, Hannah R OHCS:EX [mailto:Hannah.Rabinovitch@gov.bc.ca]

Sent: January 29, 2018 11:07 AM

To: John Bell Cc: Roger Lam

Subject: QAs on NPAT follow-up

#### Hi John,

There were a few outstanding questions from our call last week with Greg and Shayne on NPAT PAC presentation. I wanted to find out whether we have any follow-up on these questions:

- Public housing transfers what's happened in those buildings? Tenant mix. What's happened to the subsidy level, tenant mix etc.
- \$25 million in capital improvements what did that help achieve?
- Section 219 Covenants do all have 219 covenants?
- Confirm: HPP ~1,500 units, net new households and deepened benefit for all recipients? also 2014 RAP and SAFER enhancements?
- HAFI program ~ 2,000 seniors and people with disabilities to remain in their homes

### Sergeant, Christine OHCS:EX

From: Jennifer Iten <jiten@bchousing.org>
Sent: Wednesday, February 7, 2018 11:55 AM
To: Rabinovitch, Hannah R OHCS:EX

**Subject:** RE: Request: NPAT Properties still to be transferred

Hi Hannah,

Updated info attached. All projects are under Contracts of Purchase and Sale agreements and all will transfer by March 31, 2018

Thanks, Jenn

PROJECT_NAME	ADDRESS_LINE	COMMUNITY
Haney Pioneer Village Co-op	11830 230 St	Maple Ridge
Roche Point Lodge	Units 1-10, 4942 11th Ave, General Delivery; Units 1-20, 4942 11th Ave, General Delivery; Units 11-20, 4942 11th Ave, General Delivery	New Hazelton
Yellowhead Pioneer Residence	4557 Barriere Town Rd, General Delivery; 4557 Barriere Town Road, General Delivery	Barriere
Queen Charlotte City	Queen Charlotte City 314-3rd St., General Delivery	
Concordia Court	7155 MacPherson Ave	Burnaby
Legion Manor	505 Sixth Ave	New Westminster
Pinewood Manor	7195 Rosen Lake Rd, General Delivery	Jaffray
Phelan House	2336 Jackson Ave, General Delivery	Merritt
The Burtches	1620 Burtch Rd	Kelowna
Golden Age Court	145 Cordova St E	Vancouver

Jenn

From: Rabinovitch, Hannah R OHCS:EX [mailto:Hannah.Rabinovitch@gov.bc.ca]

**Sent:** February 6, 2018 3:56 PM

To: Jennifer Iten

Subject: RE: Request: NPAT Properties still to be transferred

Hey Jenn,

How's the NPAT unit info coming? Sorry to bug you.

From: Jennifer Iten [mailto:jiten@bchousing.org]
Sent: Tuesday, February 6, 2018 11:59 AM

To: Rabinovitch, Hannah R OHCS:EX

Cc: Lam, Roger OHCS:EX

Subject: RE: Request: NPAT Properties still to be transferred

Hi Hannah,

I can add the closing date to the information.

All projects are under executed contracts of purchase and sale.

Thanks, Jenn

From: Rabinovitch, Hannah R OHCS:EX [mailto:Hannah.Rabinovitch@gov.bc.ca]

**Sent:** February 6, 2018 11:02 AM **To:** Jennifer Iten < <u>iiten@bchousing.org</u>> **Cc:** Roger Lam < <u>roger.lam@gov.bc.ca</u>>

Subject: RE: Request: NPAT Properties still to be transferred

Hi Jenn,

Sorry to come back to you with more questions.

- Could you provide an end date for when the transfers will be completed? End of fiscal?
- Can we say the transfers are in the final stages of the process?
- Does that mean that we're locked in to these transfers?
- If the Minister asks, what are the options with respect to these transfers?

Thank you so much!

Hannah

From: Jennifer Iten [mailto:jiten@bchousing.org]

**Sent:** Tuesday, February 6, 2018 9:34 AM **To:** Rabinovitch, Hannah R OHCS:EX

Subject: RE: Request: NPAT Properties still to be transferred

Can do. Will get the additional info to you today.

From: Rabinovitch, Hannah R OHCS:EX [mailto:Hannah.Rabinovitch@gov.bc.ca]

**Sent:** February 6, 2018 8:57 AM

To: Jennifer Iten < jiten@bchousing.org>

Subject: RE: Request: NPAT Properties still to be transferred

Hi Jenn,

Could you also provide the unit numbers and target population for each project?

From: Jennifer Iten [mailto:jiten@bchousing.org]

Sent: Monday, February 5, 2018 4:53 PM

To: Rabinovitch, Hannah R OHCS:EX; John Bell; Shen, Cathy BCHM:EX

Cc: Lam, Roger OHCS:EX; Page, Doug OHCS:EX

Subject: RE: Request: NPAT Properties still to be transferred

Hi Hannah,

There are 10 projects remaining to be transferred. All projects will be transferred by March 31, 2018.

Thanks, Jenn

PROJECT_NAME	ADDRESS_LINE
Haney Pioneer Village Co-op	11830 230 St
Roche Point Lodge	Units 1-10, 4942 11th Ave, General Delivery; Units 1-20, 4942 11th Ave, General Delivery; Unit
Yellowhead Pioneer Residence	4557 Barriere Town Rd, General Delivery; 4557 Barriere Town Road, General Delivery
Queen Charlotte City	314-3rd St., General Delivery
Concordia Court	7155 MacPherson Ave
Legion Manor	505 Sixth Ave
Pinewood Manor	7195 Rosen Lake Rd, General Delivery
Phelan House	2336 Jackson Ave, General Delivery
The Burtches	1620 Burtch Rd
Golden Age Court	145 Cordova St E

From: Rabinovitch, Hannah R OHCS:EX [mailto:Hannah.Rabinovitch@gov.bc.ca]

**Sent:** February 2, 2018 3:35 PM

To: Jennifer Iten < jiten@bchousing.org>; John Bell < jbell@bchousing.org>; Cathy Shen < cshen@bchousing.org>

Cc: Roger Lam < roger.lam@gov.bc.ca >; Page, Doug OHCS: EX < Doug.Page@gov.bc.ca >

Subject: Request: NPAT Properties still to be transferred

Hi John, Jenn and Cathy,

We need to draft a BN for the Minister on the additional properties that are still moving through the NPAT transfer process. Could you pull together some information on these properties on Monday? Apologies for the late request and short timelines.

Thank you so much,

Hannah

#### Hannah Rabinovitch, MPP

Senior Policy Analyst, Housing Policy Branch Office of Housing and Construction Standards Ministry of Municipal Affairs and Housing

Ph: (250) 480-8492

#### Witnesses for the OAG Audit:

"An Audit of BC Housing's Non-Profit Asset Transfer Program"

Greg Steves
Assistant Deputy Minister
Office of Housing and Construction Standards
<u>Gregory.Steves@gov.bc.ca</u>
(250) 356-2115

Shayne Ramsay Chief Executive Office BC Housing sramsay@bchousing.org (604) 433-1711