To: Chair and Members
   Emergency & Community Services Committee

From: Joe-Anne Priel
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Re: Transition of First Place Hamilton to CityHousing Hamilton (CS09073) (City Wide)

Council Direction:
Not applicable.

Information:

CityHousing Hamilton was registered as the legal owner of the assets of First Place Hamilton effective October 1, 2009. This report provides Council with a historical overview leading up to the legal ownership and details concerning the recent transition of ownership.

The First Place portfolio consists of four buildings located at:

- 350/360 King Street East (First Place);
- 405 York Boulevard (HOPE - Housing our People Economically);
- 185 Jackson Street East (Central Place); and,
- 206 Jackson Street East (Pilgrim Place).

The resident population consists of seniors, individuals and families including persons who require assistance with activities of daily living.

First Place Hamilton was developed under Section 27 of the National Housing Act in the early 1970’s. In fact, First Place was built on the location of the First United Church, which burned down in 1969. The church ministry donated the land and First Place was built to house seniors and to provide low income rents and care services.
Financial difficulties began when there was a downturn in the economy in the early 1990’s and the building lost several of its commercial tenants, such as, the Department of Veteran’s Affairs, Canada Mortgage and Housing Corporation (CMHC), Family Services, Dundurn Legal Clinic, and a medical clinic. The revenue from the commercial tenants supported the programs and care services provided for the senior residential tenants living at First Place.

To offset the loss of this commercial revenue, the First Place Hamilton Board of Directors, with the approval and additional funding provided by CMHC, converted one entire floor vacated by the commercial tenants into 75 Assisted Living Units (ALU) in 1998/1999. Unfortunately, rather than provide additional revenue, the ALU floor became an additional financial burden on the project.

Additionally, in December, 1998, the Board of First Place Hamilton decided to amalgamate Central Place, Pilgrim’s Place, (CPPP) and Housing Our People Economically (HOPE), with First Place Hamilton without the knowledge and approval of the Province. CPPP and HOPE were operating at a surplus with healthy reserves. Consequently the reserves were used by First Place for operational costs leaving CPP and HOPE with under funded replacement reserves.

First Place Hamilton was deemed a “project in difficulty” (PID) by the Province in 2001 based on a Forensic Audit which was completed in 1999 and an enhanced Operational Review done in December 2005. Both documents found the project to be in a severe financial difficulty, with many technical issues, and experiencing governance and management irregularities.

As a result of the PID status, First Place Hamilton remained under the administration of the Province until it was downloaded to the City in two stages.

Central Place, Pilgrim’s Place and Housing Our People Economically were downloaded in April 2004 in reasonable financial and technical condition. However, First Place, which was not financially stable, drained the financial resources of the other three projects to cover First Place operating cash shortfalls.

First Place (460 seniors units, 75 assisted living units, commercial space, food services, care and program services, etc.) was transferred to the City of Hamilton as Service Manager for Social Housing Administration, under voluntary receivership on January 11, 2006, with Mintz & Partners Limited, and subsequently placed under Court Ordered receivership on March 8, 2007.

In the fall of 2007, the City of Hamilton Social Housing Service Manager and the Receiver issued an Expression of Interest and subsequently a Request for Proposal to transfer the assets and ownership of First Place Hamilton to another social housing non-profit organization. In January, 2008, CityHousing Hamilton was identified as the successful proponent.

On September 16, 2009, the Receiver obtained Court Approval to transfer the ownership to CityHousing Hamilton. The transfer took place on October 1, 2009. The
transfer took almost a full year as there were a number of issues to be resolved by the receiver and its legal representation, the property management, support service providers, CityHousing Hamilton and the City of Hamilton Social Housing Administration.

It is important to note that the transfer process began on October 1, 2009 with the court approval of the vesting orders which transferred the mortgages of First Place to CHH. The full transfer process will not be complete until the Receiver has approval by the Court to be discharged as the Court-ordered Receiver and there are no appeals to the Receiver’s Report. The Receiver will not be able to fully discharge First Place through the Court until the Audited Financial Statements and the Receiver’s summary report are complete, submitted and approved by the court. It is expected to be completed by early 2010, at which time the Receiver and the Service Manager will settle all accounts.

With CityHousing Hamilton Corporation assuming ownership, there are a number of transition matters that need to be addressed. Unfortunately, these matters could not be fully addressed due to the Receiver being in place and their role as directed by the court. The following transition matters are currently being addressed:

- Agreements with St. Joseph’s Home Care on the provision of food services and care services for the Assisted Living Units;
- An assumption agreement with the Hamilton/Niagara/Haldimand/Brant Local Health Integration Network (LHIN) on the provision of funding for recreational and community development initiatives;
- The transfer of the post office function to another commercial tenant, Guardian Pharmacy;
- Assessing the viability and sustainability of operating the variety store in the context of CityHousing Hamilton’s core function and identifying other for profit or non-profit providers of this function;
- Ensuring appropriate assignment and assumption of existing commercial leases to CityHousing Hamilton;
- Enrolling all First Place tenants within the CityHousing Hamilton pre-authorized debit program for rent payments;
- Ensuring the scope and range of recreational opportunities for First Place tenants remains the same and ideally is enhanced; and,
- Securing new commercial tenancies for the vacant commercial space previously occupied by the Federal Department of Veterans Affairs.
It is important to note that health, safety and well-being of the residents remain paramount during the transition and is evidenced by the continuity of food services and care support being provided by St. Joseph’s Home Care.

In addition, on October 1, 2009, the day of transfer, the tenants were introduced to the new recreational co-ordinator who is well experienced with seniors and has begun to identify the recreational needs of residents.

Financial stability is critical to the success of First Place Hamilton. The primary goal of CityHousing Hamilton will be the full rental of First Place vacant commercial space and full occupancy in the retirement units and the assisted living units to ensure a sustainable financial future which proved difficult with the instability of a Receiver in place.

It is anticipated that by early 2010, CityHousing Hamilton will have an indication of the financial picture of First Place with three months of revenues and expenses information. With stability of ownership and a positive partnership with St. Joseph’s Home Care to market vacant units, staff remain optimistic on the long-term opportunities for First Place within the CityHousing Hamilton portfolio.

To date, a total of $5,245,486 has been approved in emergency capital repairs to First Place Hamilton as follows. The repairs are 100% provincially and federally funded through the Social Housing and Renovation Repair Fund and will have no impact on the net levy:

- Urgent repairs $150,000;
- Roof $2,100,000;
- Mechanical, electrical and elevators - $2,475,000; and,
- Interior and other - $520,486.

A more detailed report will be provided to City Council and the CityHousing Hamilton Board in the second quarter of 2010 after the accounts are settled by the Receiver and the City and CityHousing Hamilton has had the opportunity to assess and develop a plan to address the financial and operational issues for First Place Hamilton.

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