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**2005-616**

**Final Report**

**Evaluation of PWGSC's Involvement in the Surplus Federal Real  
Property for Homelessness Initiative (SFRPHI)**

**2006-09-08**

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## **Executive Summary**

### **Authority**

This evaluation was mandated by the Audit, Assurance and Ethics Committee (AAEC) as part of the Public Works and Government Services Canada (PWGSC) 2005/06 - 2007/08 Multi-year Evaluation Plan.

### **Objective**

The objective of this engagement was to provide decision-makers with an assessment of the ongoing rationale, success and cost-effectiveness of PWGSC's involvement in the Surplus Federal Real Property for Homelessness Initiative (SFRPHI).

This evaluation was required since Human Resources and Social Development Canada (HRSDC) and its strategic partners, which include PWGSC, needs to seek Treasury Board approval for the continuance or renewal of the SFRPHI, a component of the National Homelessness Initiative (NHI), by March 31, 2007.

### **Scope**

This evaluation of PWGSC's involvement in SFRPHI focuses on the activities and results within the realm of PWGSC and their functioning in relation to PWGSC mandated responsibilities within NHI and in relation to current policies and guidance for the disposal of surplus federal real properties during the renewed Phase II of the Initiative covered by fiscal years 2002/03 to 2006/07. A logic model of the SFRPHI, developed earlier as part of the Evaluation Framework for this engagement, shows PWGSC's involvement within SFRPHI and is found in Annex A.

The scope of this PWGSC evaluation did not include a review or assessment of any of the activities and functions that are the realm of HRSDC and/or the Canada Mortgage and Housing Corporation (CMHC).

HRSDC is currently carrying out an evaluation of its own for the NHI which includes a component for the SFRPHI results for which HRSDC is accountable.

### **Background**

The SFRPHI, was created as a component of the NHI in 1999 and renewed in 2003, to help communities overcome the high capital costs that many homelessness projects faced, like buying land or buildings. Through SFRPHI, non-profit organizations and other levels of government are eligible to receive surplus federal buildings or land.

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A partnership comprised of HRSDC, CMHC, and PWGSC was created at the national and regional levels to implement the SFRPHI, with the support of the National Secretariat on Homelessness (NSH), at HRSDC. As its contribution, PWGSC provides disposal services and manages the Affordable Housing Property Fund Program (AHPF), a \$9 million fund to compensate custodial federal departments (including PWGSC) for the fair market value of properties the NHI has secured. In PWGSC, SFRPHI is handled by the Real Property Branch (RPB).

The SFRPHI is driven by the supply of federal real property that has been declared surplus, not by demand based on the needs of communities with the greatest or most desperate homeless populations. Consequently, most of the SFRPHI transfers have been concentrated in a few regions across Canada and in smaller more remote communities where federal real property has been declared surplus. Annex B, presents the list of SFRPHI transfers and their location during the period under review.

## **Methodology**

The approach used in this evaluation is based on the Evaluation Framework for PWGSC's Involvement in the SFRPHI which was completed in October 2005 and tabled at the AAEC in November 2005.

The evaluation methods include:

- Key informant interviews.
- Interviews with senior officials at the Treasury Board Secretariat (TBS), the Canada Lands Corporation (CLC), and PWGSC.
- Case studies; and
- Document reviews.

## **Key Findings**

The findings of this evaluation address the three areas prescribed by the Treasury Board Evaluation Policy as outlined below. A more detailed summary of findings by evaluation issue and question is contained in Annex C.

### Success

- To what extent has PWGSC contributed to the SFRPHI objectives?
- To what extent were the policies, practices and ethics guiding the disposal of surplus federal real properties upheld in dealing with the SFRPHI transfers?

PWGSC's contribution to the overall SFRPHI objectives are restricted to the disposal and real property expertise that PWGSC normally provides federal departments. PWGSC had to modify its internal disposals processes to accommodate the management of the AHPF and the requirement for ministerial authorization of property transfers and contribution agreements under SFRPHI. Because real property transfers involving CLC

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properties, fell outside the current policy and Government of Canada (GoC) governance for the disposal of surplus federal real property, processes had to be created. These new processes included the re-purchase of surplus property by PWGSC, and the issuance of a cheque from the AHPF to the CLC to reimburse the CLC for the market value of the land. Overall, stakeholders were satisfied with the real estate expertise, knowledge, support and advice provided by PWGSC. Stakeholders also indicated satisfaction with PWGSC's technical skills in writing land transfers and environmental assessments.

The most consistent concern expressed by stakeholders is that SFRPHI transfers take too long to complete. Most transfers take more than two years to be completed. Many stakeholders were of the opinion that PWGSC ought to improve the time it takes to obtain Ministerial sign-offs on project approvals and Contribution Agreements (CA). Officials at both TBS and PWGSC questioned the need for a Ministerial sign-off, given that his/her authority is not required for most other priority transfers supported by PWGSC.

The majority of interviewees also consider that the number of SFRPHI intermediaries has resulted in a lack of clarity in the Initiative's line of accountabilities, which, in turn, has affected program effectiveness. This concern is accentuated in transfers involving the CLC who take on a much more active and important role than do other custodian departments.

Cost-effectiveness and appropriate alternatives

- To what extent has public value been maximized through the SFRPHI transfers?

All of the stakeholders agreed and the literature review confirmed that the policy of making surplus federal real property available to the NHI through priority transfers is a worthwhile endeavour, which provides added public value.

Every homelessness project involving routine priority transfers would, in the opinion of interviewees, most probably not have occurred without the SFRPHI. The same point cannot be made for the projects involving CLC land, given that the CLC had already included an affordable housing component in their site development plans prior to any SFRPHI involvement.

Rationale/Relevance

- Is there a continuing need for PWGSC involvement in the SFRPHI?

The most fundamental exchanges occurred with senior officials on the subject of PWGSC's role and the continuing need for PWGSC involvement in the SFRPHI. All officials interviewed agreed that while PWGSC's mandate was to provide common and shared services, it did not include the achievement of outcomes related to affordable housing and homelessness prior to the Department's involvement in this Initiative. Consequently, the Department might best redefine the nature of its participation in the SFRPHI to more clearly reflect PWGSC's mandate and role as the government's provider of common real property services expertise.

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PWGSC's role in future transfers of CLC properties was often at the hub of more in-depth discussions on PWGSC's continuing involvement in the SFRPHI. The principal concerns with these transfers are the inherent real property risks, the administrative burden and duplication of due diligence activities caused when PWGSC re-purchases properties from the CLC for the sole purpose of reimbursing the CLC from the AHPF, as the process currently requires. A viable alternative raised by the evaluation team that was well received by most senior officials is to have HRSDC enter into a contribution agreement with the community proponents with the intention that they purchase the land directly from the CLC. This would thereby eliminate the need for PWGSC to re-purchase properties in order to dispose of them.

Nearly all of the senior officials indicated that they have reflected on this notion of PWGSC as a strategic partner in this horizontal initiative. Under the current concept of SFRPHI partnership, PWGSC real estate advisors must balance their role as a broker in priority transfers involving two or more federal programs with that of a strategic partner with HRSDC in delivering the SFRPHI. While PWGSC does everything possible to accommodate SFRPHI, this arrangement requires RPB staff to balance the expectations of clients with those of other partners.

## **Conclusions**

Overall, there is strong support for the federal government strategy of making surplus federal real property available for community-based homelessness initiatives.

There are, however, ongoing concerns among senior officials and stakeholders as to the Department's role as a strategic partner, and as to the ongoing lack of clarity of accountabilities as well as the effectiveness of the modifications of existing PWGSC processes that have been imposed in support of the SFRPHI. Most importantly, as a strategic partner, PWGSC is unnecessarily sharing in the program risks for outcomes and results that are beyond its sphere of control and influence.

On the one hand, PWGSC could make changes to its current SFRPHI processes that would improve the efficiency of the Department's contribution to the SFRPHI. On the other hand, because PWGSC does not have the requisite health or affordable housing expertise and does not share in the achievement of outcomes in affordable housing and homelessness, now or prior to its involvement in this Initiative, this evaluation concludes that any re-engineering of PWGSC SFRPHI processes would not be necessary if PWGSC redefined its role and accountabilities in this horizontal initiative to that of providing HRSDC with real property expertise using existing instruments for optional common services. This change would remove most of the elements which this evaluation has observed negatively impact the overall efficiency and effectiveness of PWGSC's contribution to this initiative, i.e. the lack of clarity of accountabilities, the time necessary to complete transactions, the multiplicity of contributors, and the duplication of expertise between PWGSC and the CLC.

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The analysis of the findings and conclusion leads to the premise that PWGSC should not agree to remain a formal partner in the partnership agreement with HRSDC sharing in the management and reporting on the SFRPHI. PWGSC would therefore not be a co-signatory of Memorandum to Cabinet and Treasury Board Submissions seeking continuance and renewal of the program, and the Department would not continue to be a member of the tripartite management committee.

Furthermore, if PWGSC redefined its role from partner to service provider, there would be no ongoing need for PWGSC to manage the AHPF and this fund could be closed or transferred to HRSDC. PWGSC and other custodian departments could be reimbursed through the same mechanisms, which already reimburse custodians for the market value. As well, PWGSC would ensure that processes for possible "strategic" property transfers under SFRPHI be clearly defined, and that these processes exclude PWGSC from having to re-purchase real property from the CLC in order to dispose of it for the SFRPHI.

## **Recommendations**

Based on the findings of this evaluation, in order to ensure that PWGSC's role is more consistent with the Department's mandate and that clearer lines of accountability are established such that the most effective and efficient approaches are used to support the SFRPHI, it is recommended that:

The ADM RPB implement the process required to redefine PWGSC's role in the SFRPHI from that of a strategic partner to a service provider. The results of the process are to:

- ensure that PWGSC's role is redefined from that of a partner to that of a service provider with no direct accountability for the initiative's outcomes;
- clarify the lines of accountability, especially with respect to reporting on results;
- put an end to, or transfer, the responsibility for the AHPF;
- end PWGSC's membership in the tripartite committee; and
- ensure that processes for future strategic transfers exclude any requirement that PWGSC purchase land in order to dispose of it for SFRPHI purposes.

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## **1. Introduction**

This evaluation was mandated by the Audit, Assurance and Ethics Committee (AAEC) as part of the Public Works and Government Services Canada (PWGSC) 2005/06 - 2007/08 Multi-year Evaluation Plan.

PWGSC made a commitment to the Treasury Board to undertake an Evaluation of the Department's involvement in the Surplus Federal Real Property for the Homelessness Initiative (SFRPHI), focusing on the transactional aspects of the Initiative near the end of fiscal year 2005/06 when the initiative was to end, however Human Resources and Social Development Canada (HRSDC) obtained a time extension and re-profiling of the funding of the SFRPHI, which is a component of the National Homelessness Initiative (NHI), until to the end of fiscal year 2006/07.

An Evaluation Framework for PWGSC's Involvement in the SFRPHI was completed in October 2005 and tabled at the AAEC in November 2005. At that meeting, the Committee agreed on the proposed scope and methodology for this summative evaluation.

### **1.1 Objective**

The objective of this engagement was to provide decision-makers with an assessment of the ongoing rationale, success and cost-effectiveness of PWGSC's involvement in the SFRPHI.

This evaluation was required since HRSDC and its strategic partners, which include PWGSC, needs to seek Treasury Board approval for the continuance or renewal of the SFRPHI, by March 31, 2007.

### **1.2 Scope**

This evaluation of PWGSC's involvement in SFRPHI focuses on the activities and results within the realm of PWGSC and their functioning in relation to PWGSC mandated responsibilities within the NHI and in relation to current policies and guidance for the disposal of surplus federal real properties. The PWGSC evaluation team did not review or assess any of the activities and functions that are the realm of HRSDC and/or the Canada Mortgage and Housing Corporation (CMHC).

HRSDC is currently carrying-out its own evaluation of the NHI which includes a section for the SFRPHI results for which HRSDC is accountable.

The evaluation issues examined in this evaluation have been categorized within the following areas as per the Government of Canada (GoC) Evaluation Policy:

- Success

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- Overall Cost Effectiveness and appropriate alternatives; and
- Rational / Relevance

Success

Issue 1: The extent that PWGSC has contributed to the SFRPHI objectives.

Issue 2: The extent that policies, practices and ethics guiding the disposal of surplus federal real properties were upheld in dealing with the SFRPHI transfers.

Cost-effectiveness and appropriate alternatives

Issue 3: The extent that public value has been maximized through the SFRPHI transfers.

Rationale/Relevance

Issue 4: The continuing need for PWGSC involvement in the SFRPHI.

The evaluation questions that were examined in this Evaluation are listed along with a summary of the findings by evaluation issue and question in Annex C.

### **1.3 Methodology**

The approach used in this evaluation is based on the Evaluation Framework for PWGSC's Involvement in the SFRPHI which was completed in October 2005 and tabled at the AAEC in November 2005.

The evaluation methods include:

- Key informant interviews.
- Expert opinions sought from senior officials at the Treasury Board Secretariat (TBS), the Canada Lands Corporation (CLC), and PWGSC.
- Case studies; and
- Reviews of departmental files, SFRPHI and NHI related documentation obtained by HRSDC, CMHC and TBS, GoC policies related to real property services and the disposal of surplus federal real property.

In total, 42 persons and senior officials were interviewed. The list of interviewees is presented in Annex D.

Departmental files were reviewed for each case study. This information was supplemented by interviews with key stakeholders of each case study at the national and regional level including HRSDC, CMHC, PWGSC employees as well as representatives

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from custodian departments and organizations and persons representing the community groups who received the property.

The PWGSC evaluation team identified four (4) case studies of SFRPHI transfers as an approach to collect data related to SFRPHI property transactions. The four case studies were comprised of:

- Ten (10) completed property transfers in St. John's, Nfld. of a collective value of \$1.1 million.
- One (1) ongoing transfer in Montreal, Quebec valued at \$1.6 million.
- One (1) completed transfer in Ottawa, Ontario valued at \$812,000; and
- One (1) completed transfer in Strathmore, Alberta valued at \$260,000.

These case studies include more than a third of the land transactions and more than 50% of the monetary value of all the SFRPHI projects PWGSC has worked on during the period under review by the evaluation. A description of each of the case studies is presented in Annex E. The criteria used to determine which transfers were included in the case studies included: the property type, the market value, the level of experience of all stakeholders involved in the transfer, and the perceived degree of success within the community. A table presenting all of the transfers undertaken from 2003 onward is shown in Annex B.

#### **1.4 History and Evolution**

Making surplus federal real property available to the NHI was first suggested in the course of the ministerial consultations on homelessness in Canada, which preceded the 1999 Speech from the Throne in which the NHI was first announced.

In December 1999, the GoC launched the three-year, \$753 million National Homelessness Initiative (NHI), a community focused horizontal initiative created to alleviate and prevent homelessness in communities located in all provinces and territories. The NHI is lead by HRSDC. Other “partners” include the CMHC, PWGSC, the Department of National Defence (DND), Health Canada (HC), Indian and Northern Affairs Canada (INAC), Citizenship and Immigration Canada (CIC) and Justice Canada.

The TBS defines a horizontal initiative as: an initiative in which partners, from two or more organizations share towards the achievement of outcomes. TBS also indicates that managing a horizontal initiative involves entering into an arrangement with partners where there is:

- Shared authority and responsibility among partners;
- Joint investment of resources;
- Shared risks among partners; and
- Mutual benefits and common results.

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SFRPHI was created as a component of the NHI, to help communities overcome the high capital costs that many homelessness projects face, like buying land or buildings.

[\*]. The rationale for PWGSC's involvement was that: 1) the Minister of PWGSC wanted the Department to take a more prominent role in the Initiative; and 2) HRSDC is not recognized as a real property custodian for the purpose of delivering its programs and PWGSC could act as the surrogate real property custodian for the purposes of the SFRPHI.

PWGSC, HRSDC, and CMHC act as partners at the national and regional levels in implementing the SFRPHI, with coordinating support from the National Secretariat on Homelessness (NSH) at HRSDC. When custodial departments identify a surplus property, they receive compensation for lost revenues, when the property is transferred to a group for the purpose of assisting homeless people. Non-profit organizations and other levels of government are eligible to receive federal buildings or land to aid in the reduction of homeless or person in a near-homelessness situation.

Based on the successes and the lessons learned, the NHI was extended for an additional three years (2003-2006) into Phase II with an investment of \$405 million. This extension included an additional \$9 million for the SFRPHI for the same period.

HRSDC provides expertise concerning specific local needs and the level of community support for proposals submitted to the program. HRSDC assists potential recipients in the development of the SFRPHI proposals as required and advises on their viability as part of the process of reviewing proposals and recommending contributions.

CMHC advises and links proponents to CMHC programs where appropriate. CMHC also advises on the capacity of applicants and the viability of proposals, based on their expertise in housing partnerships.

As its contribution, PWGSC provides disposal services and manages the Affordable Housing Property Fund Program (AHPF) a \$9 million fund to compensate custodial federal departments (including PWGSC) for the fair market value of properties the NHI has secured. A logic model of the SFRPHI developed as part of the Evaluation Framework for PWGSC's Involvement in the SFRPHI is presented in Annex A.

## **1.5 Past Reviews**

A formative program led evaluation/review of SFRPHI was completed in September 2002. The study's key findings were that:

- Real property issues and negotiations are a specialized field within PWGSC.
- SFRPHI transfers require more time than originally envisioned.
- Access to federal property as a basic tenet of SFRPHI has been possible, but has required considerable adjustments to the established property disposal services offered through PWGSC and to the real property disposal process; and

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- It was too early in SFRPHI implementation to make specific statements on the extent to which SFRPHI contributed to the alleviation of homelessness.

The NHI and SFRPHI were also examined by the Office of the Auditor General of Canada (OAG) as part of an audit of federal policies, government-wide guidance and the role of central agencies in creating, coordinating, and overseeing initiatives that involve a number of organizations. The report entitled - *Managing Horizontal Initiatives* - was published in November 2005. The OAG's general observations and recommendations were that:

- Much of the federal government's approach to horizontal initiatives is still on a case-by-case basis.
- Central agencies have not determined the kinds of circumstances that require a horizontal initiative and the kinds of governance needed.
- Central agencies have not developed enough specialized tools for the governance, accountability and coordination of federal efforts in such initiatives.
- One specific observation in relation to NHI and SFRPHI was that it did not adequately benefit from available expertise on health and housing.

### **1.6 Real Property Disposals in the Government of Canada (GoC)**

The GoC processes and authorities for disposing of surplus federal real property are defined in the *Treasury Board Policy on the Disposal of Surplus Federal Real Property*. The objective of this policy is to establish a system for the disposal of surplus real property that ensures:

- Efficiency, equity, fairness and transparency in disposals;
- consideration of the interests of communities and other levels of government;
- the best value to the Canadian taxpayer; and
- consideration of all relevant government policy and other strategic concerns of the government.

When federal government properties are no longer required for program purposes, the disposal of these surplus properties by sale or priority transfer is subject to one of two processes: routine or strategic:

- Surplus real properties subject to routine disposal are generally properties with lesser value that can be transferred to another government program for further public use, or sold easily without any substantial investment. These properties are normally transferred or sold on the open market in their "as is" state by the custodian, its agent (PWGSC), or a private sector firm;
- Surplus real properties subject to strategic disposal are properties or portfolios of properties with potential for significantly enhanced value, those that are highly sensitive, or a combination of these factors. Surplus properties that are subject to a strategic disposal process are sold to the Canada Lands Corporation (CLC) Limited, the government's disposal agent for strategic properties.

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Although properties subject to a strategic disposal are generally not offered for sale or transfer on a priority basis for public purposes to other jurisdictions, Cabinet has recognized the SFRPHI as a strategic consideration to be integrated, wherever possible, into plans for real properties identified for strategic disposal. Annex F provides an overview of the federal real property disposal processes.

To date, there have been no SFRPHI transfers of properties defined as “strategic” in the disposals process. The three SFRPHI transfers of properties held by the CLC were exceptional in that these properties were considered to have already been disposed of from a GoC policy and process point of view, and the SFRPHI’s involvement was made once a development plan for those properties had already been completed by the CLC and approved by local governments. [\*]. Two of these three properties, have been included in the case studies for this evaluation: Benny Farm in Montreal and Albion Road in Ottawa.

### **1.7 Current Context**

The SFRPHI is driven by the supply of federal real property that has been declared surplus, not by the demand or the prioritization of communities with the greatest homelessness problem or the most desperate need for assistance to homeless persons. The basis for the SFRPHI is the supply of appropriate surplus federal real property. Consequently, most of the SFRPHI transfers have been concentrated in a few regions and in some instances in smaller and more remote communities. It has not been possible to ensure an equitable geographic or statistical distribution of SRFPHI projects. Since 1999-2000, there have been no SFRPHI transfers in Vancouver, Edmonton, Winnipeg, Hamilton, Quebec City or Halifax. Annex C presents the list of SFRPHI transfers and their location during the period under review by this evaluation.

[\*]. Another key difference in this period is that HRSDC delegated the authority to enter into a Contribution Agreements (CA) with the community proponent to the Director General level, while PWGSC maintained the requirement that the Minister co-sign all of the CAs. This has resulted in asymmetrical authorization requirements between the two partners.

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## **2. Key Findings**

Interviewees and senior officials offering expert opinions were prompted with structured interview guides but were also encouraged to speak broadly about the Initiative and PWGSC's role and contribution. There were a number of reoccurring and key themes, which are presented in this section of the report. Annex C presents a summary of the findings to the evaluation issues and questions identified in the Evaluation Framework for PWGSC's Involvement in the SFRPHI.

### **2.1 Success**

- To what extent has PWGSC contributed to the SFRPHI objectives?
- To what extent were the policies, practices and ethics guiding the disposal of surplus federal real properties upheld in dealing with the SFRPHI transfers?

PWGSC's contribution to the overall SFRPHI objectives are pretty well restricted to the disposal and real property advice and expertise that PWGSC generally provides to the federal departments that choose PWGSC as an optional real property service provider. Some PWGSC internal disposals processes had to be modified to accommodate the management of the AHPF and the requirement for ministerial authorization of property transfers and contribution agreements under the SFRPHI. Additionally, new processes had to be created for the SFRPHI transfers involving CLC properties, because these transactions took place outside the current policy and framework for real property disposals. The most notable differences with respect to CLC transfers are that PWGSC must re-purchase the property from the CLC on behalf of the GoC, and a cheque must be issued from the AHPF to the CLC. Overall, stakeholders are satisfied with the real estate expertise, knowledge, support and advice provided by PWGSC. Stakeholders also indicated satisfaction with PWGSC's technical skills in writing land transfers and environmental assessments.

The most consistent concern expressed by interviewees is that SFRPHI transfers take too long to complete. Most transfers are taking more than two years to be completed and some upwards of three years. *The Treasury Board Policy on the Disposal of Surplus Federal Real Property*, requires that: "Priority purchasers who wish to avail themselves of the opportunity to acquire federal real property for public purposes must agree to the transfer or sale, in writing, within 120 days of the deadline specified in the notice. The final transfer or sale must be completed as soon as possible thereafter." TBS granted the Initiative a 240 day period to negotiate an agreement with custodian departments as part of the renewal of the Initiative in 2003. The results of the file review indicate that even with the additional time allotted by TBS, most agreements for a priority transfer have not occurred in the prescribed timeframes. The evaluation team was told that, since the inception of the SFRPHI there have been only two instances which occurred during the first phase of SFRPHI from 1999-2002, when the custodian department terminated priority transfer negotiations, and a decision was made to proceed with the public sale.

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The evaluation team learned that there are many causes for delays early on in the process while proposals are being finalized which are outside of PWGSC's control and responsibilities. Interviewees indicated that PWGSC mainly contributed to delays after the tripartite committee has recommended a proposal for approval. Most interviewees and senior officials indicated that PWGSC should improve the time it takes to obtain Ministerial project approvals and subsequently the time required to obtain the Minister's signature on the land transfer and Contribution Agreements (CA) by either delegating those approvals to more appropriate levels within PWGSC, or guiding the files more aggressively through to the Minister's Office. Some expert officials at the TBS and within PWGSC asked why it was necessary to have the Minister provide project approval and sign the CAs since his approval and signature is not required for all other priority transfers supported by PWGSC.

Another area of consensus was the concern that there are too many contributors involved in the SFRPHI process. This observation is accentuated in so called "strategic" transfers involving the CLC who assume a much more active and important role in the process because they involve themselves in the selection of the community proponent and impose additional conditions in the transaction related to architectural and design conditions.

A typical routine SFRPHI transfer will involve: the local representatives of the custodian department, the local PWGSC real estate advisor, the PWGSC national SFRPHI coordinator, the SFRPHI coordinator in the NHS at HRSDC, the local HRSDC program manager, the community level homelessness committee, and the representatives of the potential community group proponent. In many instances representatives of local government and local CMHC officers also get involved. Once a proposal is submitted to HRSDC, the proposal can in some instances be reviewed by a local tripartite committee of HRSDC, PWGSC and CMHC and/or directly submitted to the national tripartite committee. If the tripartite committee recommends the project, they submit the project through both HRSDC and PWGSC to obtain project approvals up to the Ministerial level. Once the Ministers approve of the projects a CA is drafted by HRSDC with the assistance of PWGSC. It is then signed by the community proponent and submitted for approval and signature at the DG level in HRSDC, and to the Minister in PWGSC. HRSDC is then responsible to carryout the monitoring of the CA for the five-year duration of the Agreements.

When stakeholders expressed a concern with the number of contributors, they talked about a lack of clarity in the Initiative's line of accountabilities as a barrier to effectiveness. Community proponents were aware of PWGSC's role in the provision of real property advice and services and were very satisfied with these services. However, there was some confusion amongst interviewees as to the additional roles and responsibilities of PWGSC with respect to the delivery of SFRPHI because it is a member of the tripartite committee and Ministerial approvals are required. The lack of clarity of PWGSC's role is illustrated by the number of stakeholders outside of the federal government that thought that PWGSC is the organization that decides which properties will be allocated to the SFRPHI, while others thought that PWGSC was the department with primary responsibility for the SFRPHI.

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The lack of clarity of the Department's role and the lines of accountability between the Initiative partners is evidenced in numerous key documents related to the SFRPHI such as the SFRPHI Result-based Management Accountability Framework (RMAF) developed in 2001. It was also apparent in Chapter 4 page 32 of the November 2005 Report of the OAG where PWGSC is identified as the department primarily responsible for the SFRPHI because of the Department's role in managing the AHPF.

## **2.2 Cost-effectiveness and appropriate alternatives**

- To what extent has public value been maximized through the SFRPHI transfers?

All of the persons approached by the evaluation team agree that the underlying idea of making surplus federal real property available to the NHI through priority transfers is a worthwhile endeavour. Some of the stakeholders, which represent either the community groups directly involved in the effort to reduce homelessness or for the National Homelessness Secretariat (NHS) at HRSDC, indicated that, in their opinion, the SFRPHI should have a higher priority than other federal government programs. There is however, no documentation or formula, which provides a means of assessing the public value of the NHI in relation to the public value of other federal programs. Hence the current policy requirement that federal organizations that have a competing interest in the same surplus federal real property need to come to a negotiated agreement in terms of its future public use.

Similarly, most persons were of the opinion that Canadians were getting added public value from the SFRPHI transfers. All of the SFRPHI projects have managed to leverage monetary and in-kind contributions from sources other than the federal government, including many private donations. As well, there is general agreement amongst interviewees that the benefits derived from the SFRPHI projects far outweigh the net proceeds that would have been obtained if these properties were disposed of, in their "as is" condition, as per the federal policy on the disposal of surplus federal real property.

The evaluation team did review some studies that determined the costs of homelessness, and the benefits of affordable housing, and these studies have on average concluded that the costs to society in general, all services combined (health, safety, shelter), of one homeless person at about \$40,000 per year<sup>1</sup>. The evaluation team did not find any studies that determined a monetary value to affordable housing benefits such reducing overcrowding, health, and societal issues like family violence but those studies have enumerated the many ways access to affordable housing benefit families, individuals, communities and society as whole. One recent study on creating public value indicates that: "In a democracy this value is ultimately defined by the public themselves. Value is

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<sup>1</sup> **The Costs of Homelessness in British Columbia**, February 2001 – Sponsored by BC Ministry of Social Development and Economic Security and BC Housing Management Commission.

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determined by citizens' preferences, expressed through a variety of means and refracted through the decisions of elected politicians.<sup>2</sup>"

Based on the findings of this evaluation it is safe to conclude that every homelessness projects involving routine priority transfers of surplus property would not have occurred without SFRPHI involvement. The evaluation team cannot come to same conclusion for the three projects involving CLC land given that the CLC had already completed site development plans, community consultations and obtained local government acceptance for those plans prior to any SFRPHI involvement. These plans already included some element of affordable housing. It is difficult to say what would have happened without SFRPHI, however most stakeholders shared the view that the realization of the affordable housing component as defined by the CLC would in most likelihood have been achieved. It is important to note that stakeholders did indicate that the SFRPHI involvement in these CLC projects did ensure that the thresholds for affordability were lowered and conditions for accessibility were made better.

### **2.3 Rationale/Relevance**

- Is there a continuing need for PWGSC involvement in the SFRPHI?

The most fundamental exchanges occurred with senior officials on the subject of PWGSC's role and the continuing need for PWGSC involvement in the SFRPHI. All agreed that while PWGSC's mandate is to provide common and shared services it did not include the achievement of outcomes related to affordable housing and homelessness prior to its involvement in this Initiative. Consequently, the Department might best redefine the nature of its relationship with HRSDC for the SFRPHI.

PWGSC's role in future transfers of CLC properties was often at the hub of more in-depth discussions on PWGSC's continuing involvement in the SFRPHI. The principal concerns with these transfers and the possible future strategic transfers, are the inherent real property risks and administrative burden caused when PWGSC must re-purchase the properties from the CLC for the sole purpose of reimbursing the market value of the property to the CLC from the AHPF. As one official put it, PWGSC purchases land, which has already been disposed of from a Government of Canada (GoC) perspective, in order to take funds allotted to it from the Consolidated Revenue Fund (CRF), to compensate the CLC so that the CLC can returned the proceeds to the CRF. Most senior officials agreed that eliminating the duplication of effort between the CLC and PWGSC while reducing the number of contributors involved in strategic transfers would achieve efficiencies and reduce the risks currently assumed by PWGSC, especially since HRSDC has indicated that there is an expectation that there may be many more SFRPHI projects involving strategic properties in the future.

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<sup>2</sup> **Creating Public Value**, An analytical framework for public service reform, Gavin Kelly, Geoff Mulgan and Stephen Muers, Strategy Unit, Cabinet Office.

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A viable alternative for strategic CLC properties, put forth by the evaluation team and discussed with all of the senior officials interviewed, was to have HRSDC enter into a cash contribution agreement with the community proponents using funds other than the AHPF, in order that the community proponent could purchase the land for the homelessness initiative directly from the CLC. The AHPF could be reduced by an amount equal to the estimate of the number of CLC SFRPHI transfers in order to create the fund to allow for cash contribution agreements. All of the senior officials agreed that this approach would eliminate the need for PWGSC involvement in CLC SFRPHI transfers and make the property available to the community proponent and ensure that the CLC would be compensated for the fair market value of the property. It was noted that, should HRSDC want to obtain a third party assessment of the appraised value of the property, PWGSC could offer those services as part of the optional real property services it already provides to HRSDC.

The TBS defines a horizontal initiative as: an initiative in which partners, from two or more organizations share towards the achievement of outcomes. TBS also indicates that managing a horizontal initiative involves entering into an arrangement with partners where there is:

- Shared authority and responsibility among partners;
- Joint investment of resources;
- Shared risks among partners; and
- Mutual benefits and common results.

As indicated earlier in this report, it was decided at the genesis of the SFRPHI that PWGSC would be a partner because the PWGSC Minister wanted PWGSC to have the added visibility, and HRSDC was not a real property custodian as per the GoC policies on federal real property. However, all of the senior officials were unanimous in indicating that PWGSC does not have any health and affordable housing expertise per se, and there is consensus that PWGSC is not mandated to provide affordable housing programming.

The Department's mandate is one of a common and shared services provider. At present, PWGSC real estate advisors at HQs and in the regions must balance their role as a broker in priority transfers involving two or more federal programs with that of their role as a strategic partner with HRSDC in delivering the SFRPHI. To date, PWGSC does everything possible to accommodate SFRPHI. However, this dual role as both real estate advisor and partner in a social program presents important challenges for RPB staff.

### **3. Conclusions**

Overall, there is strong support for the federal government strategy of making surplus federal real property available for community-based homelessness initiatives. Additional

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evidence of the added public value of the SFRPHI is illustrated through the contributions made to these projects from other sources.

There are, however, significant concerns among senior officials and stakeholders as to the ongoing role of PWGSC and the efficiency and effectiveness of the current SFRPHI processes.

On the one hand, PWGSC could make changes to its SFRPHI processes that would improve the efficiency of the Department's contribution to the SFRPHI, most notably; a change in the delegation of authority would reduce turnaround times of completing transactions. On the other hand, since PWGSC does not have the requisite health or affordable housing expertise and did not share in the achievement of outcomes in affordable housing and homelessness, now or prior to its involvement in this Initiative, this evaluation concludes that any re-engineering in PWGSC SFRPHI processes would not be necessary if PWGSC redefined its role and accountabilities in this horizontal initiative and provide HRSDC with real property expertise using existing instruments for optional common services. This refinement would remove most of the elements which this evaluation has observed negatively impact the overall efficiency and effectiveness of PWGSC's contribution to this initiative such as, the lack of clarity of accountabilities, the time required to complete transactions, the multitude of contributors, and the duplication of expertise between PWGSC and the CLC. Most importantly, in the role of a strategic partner, PWGSC would continue to unnecessarily share in the program risks for outcomes and results that are beyond its sphere of control and influence.

The analysis of findings and conclusion leads to the premise that PWGSC ought not to remain a formal partner in the partnership agreement with HRSDC sharing in the management and reporting on the SFRPHI. [\*]. In this scenario, PWGSC could, when asked by HRSDC, be present at tripartite committee meetings to answer questions related to real property and the disposals process. An instrument with the necessary delegations may be necessary should HRSDC not be able to be recognized as a real property custodian, however PWGSC's optimal position is that HRSDC secure the necessary authorities to achieve recognition as a real property custodian.

If PWGSC redefined its role from partner to service provider, there would be no ongoing need for PWGSC to manage the AHPF and this fund could be closed or transferred to HRSDC, as PWGSC and other custodian departments could be reimbursed through the same mechanisms, which already reimburse custodians for the market value. As well, PWGSC would ensure that processes for possible "strategic" property transfers under SFRPHI be clearly defined, and that these processes exclude PWGSC from having to re-purchase real property from the CLC in order to dispose of it for the SFRPHI. Finally the terms and conditions and accountabilities of the new arrangement would be clearly communicated to all interested parties.

#### **4. Recommendations**

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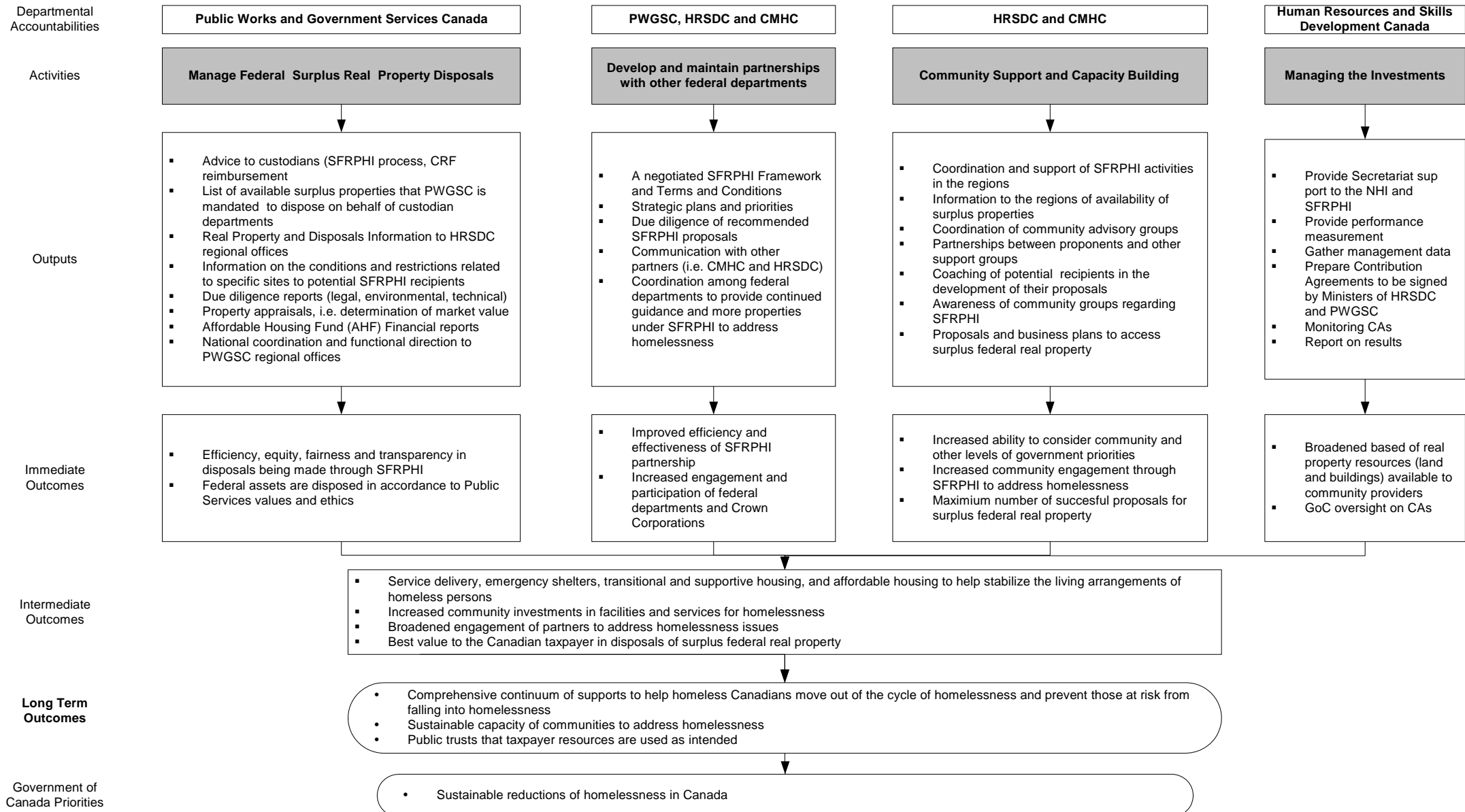
Based on the findings of this evaluation, in order to ensure that PWGSC's role is more consistent with the Department's mandate and that clearer lines of accountability are established such that the most effective and efficient approaches are used to support the SFRPHI, it is recommended that:

The ADM RPB implements the process required to redefine PWGSC's role in the SFRPHI from that of a strategic partner to a service provider. The results of the process are to:

- Ensure that PWGSC's role is redefined from that of a partner to that of a service provider with no direct accountability for the initiative's outcomes;
- clarify the lines of accountability, especially with respect to reporting on results;
- put an end to, or transfer, the responsibility for the AHPF;
- end PWGSC's membership in the tripartite committee; and
- ensure that processes for future strategic transfers exclude any requirement that PWGSC purchase land in order to dispose of it for SFRPHI purposes.

# Annex A - SFRPHI Logic Model

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**Annex B – List of SFRPHI Transfers**

**AFFORDABLE HOUSING PROPERTY FUND PROGRAM  
PROGRAM FROM 2003 to 2006 (\$9,000,000)**

PROPERTY	PROV	OGD	RECIPIENT	AHPF
<b>Completed Projects</b>				
807 Glendale St., Strathmore	AB	SolGen	One Step Housing Society	260,000
39 Whiteway St., St. John's	NL	PWGSC	Cabot Habitat for Humanity	116,000
41 Whiteway St., St. John's	NL	PWGSC	Cabot Habitat for Humanity	117,000
37 Whiteway St., St. John's	NL	PWGSC	Stella Burry Corporation	112,000
59 Guy St., St. John's	NL	PWGSC	Nfld & Lab Housing Corp.	102,000
33 Whiteway St., St. John's	NL	PWGSC	Nfld. & Lab. Housing Corp.	105,000
43 Whiteway St., St. John's	NL	PWGSC	Nfld. & Lab. Housing Corp.	112,000
29 Whiteway St., St. John's	NL	PWGSC	Assoc. for New Canadians	108,000
36 Whiteway St., St. John's	NL	PWGSC	Assoc. for New Canadians	111,000
71 Guy St., St. John's	NL	PWGSC	City of St. John's	95,000
Albion Road, Ottawa	ON	CLC	City of Ottawa	812,000
20 Amherst Heights, St. John's	NL	DND	Ass for New Canadians	122,000
49 Alcock, Gander	NL	DND	N & L H C	69,000
55 Alcock, Gander	NL	DND	N & L H C	69,000
61 Alcock, Gander	NL	DND	N & L H C	61,500
31 Edinburgh, Gander	NL	DND	N & L H C	69,000
4120 Hopedale Rd, 'Hunter River	PE	SolGen	Habitat for Humanity	132,000
<b>TOTAL</b>				<b>2,672,500</b>
<b>Proposed/Potential Projects</b>				
Campbridge Bay, Nunavut	NU	Env. Can.		
115 Woodland Dr. Hay River	NT			163,000
25 Scott St, Hull	QC	NCC		30,000
Salmon Arm	BC		Salvation Army	351,000
Queen Charlotte City - 810 2nd	BC	DFO		
Queen Charlotte City - 618 5th Ave.	BC	DFO		87,400
Queen Charlotte City-1012 2nd	BC	DFO		91,200
5671 Ponderosa Ave., Falkland	BC	RCMP	New Life Mission Society	
4787 - 13 Ave. New Hazelton	BC		Muks Kum OI Housing Society	
5661 Dolphin St. Sechelt, BC	BC		Arrowhead Society	590,000
35 Alcock	NL	DND	Cara	70,000
37 Alcock	NL	DND	Cara	68,000
115 Elizabeth	NL	DND	Cara	70,000
117 Elizabeth	NL	DND	Cara	70,000
19 Carty Place, Cornerbrook	NL			
Benny Farm	QC			1,600,000
Terrain Saint-Rédempteur/Montclair	QC			
1721-8th Street East	SK			
Total Proposed/Potential				3,237,583
<b>Balance (\$9 million - (\$2.672K+\$3.238K))</b>				<b>3,089,917</b>

## **Annex C – Summary of Findings by Evaluation Issue and Question**

### **Success**

#### **Issue 1: The extent to which PWGSC has contributed to SFRPHI objectives.**

##### *Q1. What is the extent of SFRPHI stakeholder satisfaction with PWGSC involvement?*

- Overall, stakeholders were satisfied with the real estate expertise, knowledge, support and advice provided by PWGSC.
- HRSDC stakeholders were generally satisfied with the real property expertise provided by PWGSC in support of SFRPHI activities. Their most significant concern was the length of the delays caused by the PWGSC requirement for ministerial authorization of property transfers and contribution agreements.
- At the project level, there was some criticism of PWGSC's lack of buy-in to the larger social objectives of SFRPHI. For these respondents, PWGSC was perceived as being too focused on following a defined mechanical process rather than on understanding the broader social aspects and needs of the community.
- CLC representatives were generally satisfied by PWGSC involvement. However, they did not always fully understand the extent of PWGSC's role within SFRPHI.
- Recipients were aware of PWGSC's role in the provision of real estate information and land transfer services and were very satisfied with these services. PWGSC real estate advisory and property management services were considered to have been delivered in a professional and timely manner.
- Most of the interviewees indicated that there were too many contributors to the SFRPHI which made it difficult to understand which federal organization is accountable to what aspect of the program.
- Responses provided by interviewees point to a lack of clarity as to additional roles and responsibilities of PWGSC in the delivery of SFRPHI. Some proponents thought that PWGSC determines which properties will be allocated for SFRPHI, while others identified PWGSC as the department with primary responsibility for SFRPHI. One proponent indicated that, in relation to SFRPHI delivery mechanisms, PWGSC has not had much experience in delivering programs and was, no doubt, on a learning curve.
- The review of project files revealed no evidence of correspondence, briefing notes or complaints from dissatisfied stakeholders.

##### *Q2. Do stakeholders have sufficient information to better prepare proposals and finalize SFRPHI transfers?*

- Stakeholders indicated that the key role of PWGSC, in both the regions and in the NCA, was to provide information on federal property disposal processes, to provide documentation related to the surplus properties, to oversee the property transfers, and to update the tripartite committee members, recipients and custodian departments on the status of specific property transfers initiated under SFRPHI.

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- Recipients indicated that HRSDC service representatives provided direct support in the proposal preparation and submission process. HRSDC was also identified by recipients as their federal contact regarding information on available properties, proposal requirements, the status of approved property transfers
- PWGSC real estate advisors provided stakeholders with information on building maintenance histories, environmental reports and legal documentation related to the property transfer. For most proponents, interaction with PWGSC was undertaken through their organization's legal services or representative.
- Proponents and custodian departments identified a need for better communication of SFRPHI processes, transfer procedures, timeframes, and future reporting requirements.
- While stakeholders considered that they had received sufficient information to prepare successful proposals and to finalize SFRPHI property transfers, a number of opportunities for improvement were identified. notably, the following:
  - guidelines that outline and explain the key steps within the SFRPHI real property transfer process;
  - a central information help-line so that recipients don't always have to contact the local HRSDC representative for information;
  - a checklist for SFRPHI property transfers so that stakeholders can better understand and prepare for the various stages in the transfer process;
  - for transfers that exceed the established timeframes, a process by which stakeholders are formally advised as to the status of the transfer and of the reason for the delay.

*Q3. Have any potential SFRPHI transfers been ended as a direct result of PWGSC involvement? If so why?*

- The results of the interviews and the documentation review indicate that no potential SFRPHI transfers have been put into peril, jeopardized, or ended as a direct result of PWGSC activities.

*Q4. Could improvements to PWGSC's SFRPHI processes contribute to a greater number of transfers?*

- The evaluation did not reveal any evidence that a greater number of property transfers could have been completed as a result of improvements to PWGSC processes.
- Many stakeholders indicated that there were too many federal organizations involved in the SFRPHI processes and that it was difficult to develop a clear line of accountability. The majority of recipients indicated that it was not apparent to them who was in charge of overseeing the transfer, what was the real cause of delays, and who should be contacted to make inquiries on the status of the property transfer.

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- Some stakeholders suggested that authorization to sign SFRPHI contribution agreements, on behalf of PWGSC, should be delegated to the Director General or Director level in order to streamline the process and reduce time requirements.
- Interviewees indicated that once a surplus federal real property has been identified as having a potential use for community homelessness projects, it is the capacity or maturity of the community proponent to undertake the proposed project that will determine whether or not the proposal is successful.

*Q5. Have PWGSC SFRPHI activities contributed to unintended benefits? If so, what are they?*

- Interviewees had difficulties in isolating the impact of PWGSC activities on SFRPHI outcomes and impacts. Intended benefits realized by recipients under SFRPHI include:
  - Increased community capacity to address homelessness;
  - Increased low-income housing stocks; and
  - Better quality housing
- Unintended benefits noted among SFRPHI recipients include:
  - Utilization of equity obtained through SFRPHI properties to acquire additional properties for low-income housing;
  - Increased and/or secure operating income generated through rental revenues and service contracts;
  - Increased credibility of the recipient organizations within the community and among members of the community advisory committee on homelessness; and
  - Enhanced public perception for all partners, including both governmental and non-governmental organizations.

**Issue 2: The extent that the policies, practices and ethics guiding the disposal of surplus federal real properties are upheld in dealing with the SFRPHI transfers.**

*Q6. To what extent have surplus real property transfers as a result of SFRPHI been realized in an equitable, fair and transparent manner?*

- Overall, stakeholders considered that property transfers initiated under SFRPHI were realized in an equitable, fair and transparent manner among community homelessness proponents.
- Recipients indicated that HRSDC initiated the SFRPHI process by either contacting community homelessness organizations directly or through the Community Advisory Committee on Homelessness.
- Some PWGSC officials in the regions, identified two areas in which SFRPHI may not be perceived as being equitable and transparent.
  - No public request for proposal process in place to ensure equal access;
  - Availability of SFRPHI properties is not equal across different communities

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*Q7. To what extent have the interests of communities and local governments been considered?*

- Overall, stakeholders thought that the interests of the community at large were considered in that the SFRPHI had brought these properties back into the community.
- Stakeholders considered that the interests of local community organizations had been served very well by providing them with a significant increase in their capacity to address homelessness issues and needs.
- The interests of local governments were considered to have been met through two key means:
  - As recipients of SFRPHI properties, local governments have increased their low-income housing stock; and
  - Reduced need of local government low-income housing requirements due to increased community capacity.
- However, a few stakeholders raised the point that the interests of the local governments had not been adequately considered given the absence of the need for SFRPHI recipients to ensure sustainability or the long-term utilization of the properties in support of homelessness beyond the five-year caveat indicated in the CA.
- Some interviewees thought that public consultations should be undertaken in situations where the transfer of properties under SFRPHI could have a real or perceived impact on the neighbourhood. Public consultations or communications were considered to be most desirable in areas where a large number of properties were located within a single neighbourhood.

*Q8. Were existing real property disposal processes modified to accommodate SFRPHI?*

- PWGSC Ministerial authorization of contribution agreements and property transfers realized under SFRPHI is one of the major modifications to the existing real property disposal process for non-strategic properties noted in either the documentation review or in the interviews.
- Another major difference is PWGSC's management of the AHPF. Custodians are already compensated with the market value of their properties in the current non-SFRPHI process. There was no apparent ongoing need for the AHPF other than setting aside funds from the NHI.
- The requirement for ministerial signature was cited as a key contributor to the excessive delays associated with properties transferred under the SFRPHI program.
- A number of recipients indicated that the SFRPHI process could be streamlined by having SFRPHI delivered through a single source, "one-stop" delivery mechanism.
- Community proponents indicated that, by the time that they are advised by HRSDC as to available properties, they have insufficient time to elaborate their business plans and proposals within the 120 days allocated in the existing real property disposal process. A few stakeholders indicated that PWGSC should not list surplus properties until all the documentation, including environmental reports, had been prepared.

## **Cost-effectiveness and appropriate alternatives**

### **Issue 3: The extent that public value has been maximized through the SFRPHI transfers.**

*Q9. Are Canadians getting the best value in SFRPHI transfers?*

- Stakeholders value SFRPHI in that it provides quality housing for homeless individuals or those at risk of homelessness.
- Some jurisdictional recipients indicated that the properties obtained under SFRPHI represented the first additions they had received to their social housing stock since the early 1990s.
- Based on information contained in the NHI's database, maintained by HRSDC, the majority of SFRPHI projects have leveraged funding from other sources.
- There are a number of recent studies that present research on the costs of homelessness and the benefits of providing affordable, social housing. One recent study undertaken by British Columbia estimated that the average homeless person costs society approximately \$40,000 per year<sup>3</sup>.

*Q10. Are there more effective alternatives to having PWGSC provide surplus real property disposal services for SFRPHI? If so, what are they?*

- There is significant evidence that SFRPHI is not a true partnership. The interviews and documentation review revealed that:
  - PWGSC is not being consulted on the preparation of the SFRPHI renewal instruments such as the MC and subsequent TB Submission;
  - PWGSC is not at the table negotiating with the province of Quebec on the Benny Farm transfer; and
  - There is an absence of clear governance above the SFRPHI tripartite committee level, with no PWGSC involvement at the Director, DG, ADM or DM levels.
- Some stakeholders indicated that the current SFRPHI processes might be causing PWGSC to be undertaking unnecessary and undue risks on behalf of the initiative. The key risks identified by stakeholders include:
  - Lack of clarity regarding the degree of shared accountability for the overall NHI results, in general, and of SFRPHI management and results, in particular;
  - Potential difficulties linked to PWGSC responsibilities in the reacquisition of real property from the CLC, the condition imposed by the CLC on the use and development of the properties under SFRPHI, as well as any latent environmental or title liabilities; and
  - The role of PWGSC in the recovery of any SFRPHI properties as per the five-year caveat on the conditions of use included in the contribution agreements.
- Alternatives to the current SFRPHI structure put forward by stakeholders knowledgeable of the existing real property disposal process include:

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<sup>3</sup> The Costs of Homelessness in British Columbia, February 2001 – Sponsored by BC Ministry of Social Development and Economic Security and BC Housing Management Commission.

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- that PWGSC not manage the Affordable Housing Fund (AHF) on behalf of the SFRPHI;
- that PWGSC not be a co-signature of SFRPHI contribution agreements;
- that PWGSC not be a member of the SFRPHI tripartite committee; and
- that PWGSC offer real property and disposals expertise, as with all other programs, as an optional cost recoverable service.
- In the current approach for properties held by CLC, PWGSC must re-purchase the properties in order to reimburse CLC. There may be alternatives such as having the NHI provide a contribution to the recipients with the intent that they purchase the properties directly from the CLC.
- There is an expectation that there will be more strategic properties "CLC" available for potential SFRPHI use in the future.

## **Rationale/Relevance**

### **Issue 4: The continuing need for PWGSC involvement in the SFRPHI.**

*Q11. Does SFRPHI fit strategically with the strategic concerns of the government and the direction and priorities of PWGSC?*

- The National Homelessness Initiative is currently funded until March 2007. It is not known if the NHI will remain a federal government priority beyond the current sunset date.
- The OAG indicated its concern that the NHI and SFRPHI may not be adequately benefiting from federal health and housing expertise that could be provided through other federal departments and agencies. PWGSC does not have expertise in either health or housing, rather, its expertise is in the areas of commercial property management and real property transactions.
- PWGSC does not have a social or economic development mandate which has led TBS and senior departmental officials to question the Department's role as a strategic partner in the SFRPHI.
- PWGSC provides common services support to most major and horizontal initiatives of the federal government and, traditionally, it has only become a strategic partner for those in which it has an expertise related to its core mandate. PWGSC's involvement in the delivery of SFRPHI represents an exception to this practice.

*Q12. Does PWGSC's role in SFRPHI address knowledge or capacity gaps in the government's homelessness strategy?*

- Most stakeholders agreed that PWGSC's role in SFRPHI addresses real property knowledge and capacity gaps in the government's homelessness strategy but PWGSC does not contribute additional housing and affordable housing knowledge and expertise.

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- PWGSC has provided all of the due diligence services related to the land title, environmental, aboriginal, building and land condition reports, and appraisals for properties transferred under SFRPHI.
- Stakeholders with real property and real property disposal expertise questioned the rationale of PWGSC taking on the role of a strategic partner as opposed to that of a service provider, as is the case in all other real property transfers and disposals managed by PWGSC.
- There was concern that being a member of the tripartite committee had rendered PWGSC less effective in providing real property services for SFRPHI transfers, given the absence of clear definitions of accountability for the initiative.
- CLC officials did indicate that PWGSC and the CLC did duplicate many due diligence services in transfers involving the CLC.
- Senior officials indicated that the capacity gaps filled by PWGSC could be filled by existing PWGSC common service offering and did not require that PWGSC be a partner per se.

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## **Annex D – Key Stakeholder Interviews**

- Abbot, Bob, Homelessness City Facilitator, Service Canada, St-John's, NFLD
- Atkins, Louise, Manager, Partnership Development - Policy, Research and Government Relations, HRSDC
- [\*], Chair – Step One Housing Society
- [\*], Director, Real Estate, Quebec, CLC
- Brady, Ruth, Senior Analyst, Real Property and Materiel Policy Directorate, TBS
- [\*], General Manager, Real Estate, Quebec
- [\*], Secretary – Step One Housing Society
- Conners, Joe, Homelessness City Facilitator (retired), Service Canada, St-John's, NFLD
- Coolican, Joscelyn, Real Estate Advisor - Strategic Investments and Real Estate Services, PWGSC
- [\*], Administrative Assistant – Cabot Habitat for Humanity, St-John's, NFLD
- Domino, Doug, Property Manager, Assets and Facilities Management, PWGSC, St-John's, NFLD
- Dubuc, Catherine, Program Advisor - Program Management, NHS (HRSDC)
- Floyd, Dean, Captain, DND, St-John's, NFLD
- [\*], Financial Officer, Association for New Canadians, St-John's, NFLD
- [\*], Manager, Housing Programs People Services Department – Housing Branch, City of Ottawa
- Gooch, Vanessa, Real Estate Associate – Real Estate Advisory Services, PWGSC
- [\*], Executive Director – Stella Burry Corporation, St-John's, NFLD
- [\*], Senior Housing Officer, Non-profit Housing Division, City of St-John's, NFLD
- [\*], Manager, Affordable Housing, Newfoundland & Labrador Housing Corporation
- [\*], Housing Developer, City of Ottawa
- [\*], Project Manager, NCR, CLC
- [\*], Project Coordinator (consultant), SHDM
- Luchuk, David - Policy Advisor, Policy and Systems Directorate, PWGSC
- Lussier, Nicole, Regional Consultant, Employment Programs Division, Service Canada
- [\*], Corporate Services Division, Newfoundland & Labrador Housing Corporation
- [\*], Housing Developer, City of Ottawa
- McCollum, Lorraine, Analyst, Real Property and Materiel Policy Directorate, TBS
- Morency, Caroline, Manager, Real Estate Development Strategies - Real Property Advisory Services, PWGSC
- [\*], Senior Advisor, Public-Private Partnership, Assisted Housing Centre – Quebec
- [\*], Chair, Board of Directors – Cabot Habitat for Humanity, St-John's, NFLD
- Oxford, Cheryl, Regional Program Consultant, NHI Alberta/NWT, Nunavut, Service Canada
- [\*], General Manager, Real Estate, NCR, CLC
- [\*], Director, St-John's Community Advisory Committee on Homelessness
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- Roy, Mario, Director of development, SHDM
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- Taylor, Brian, Real Estate Associate – Real Estate Advisory Services, PWGSC
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## **Annex E – Case Study Descriptions**

### **Case Study #1 – St. John's (Newfoundland)**

The City of St-John's was identified as one of 61 communities eligible for funding under the federal government's National Homelessness Initiative. As a targeted community, the St-John's Community Advisory Committee on Homelessness was launched in 2001 with NHI funding. One of the first activities undertaken by the Committee was the development of a community plan to address homelessness issues in St-John's. The plan identified community priorities and needs in the alleviation and prevention of homelessness. The plan also identified the need for community support in accessing federal programs under the NHI. A community development advisor was hired by the Committee in order to provide assistance to local organizations in the preparation of proposals for funding under NHI programs. The Community Advisory Committee, composed of members from 34 local multi-jurisdictional, community services and non-governmental organizations, provided a forum for information and knowledge sharing among SFRPHI proponents.

Through SFRPHI, a total of twenty-five surplus properties in St-John's with an estimated market value of \$2,518,000 have been transferred to provincial, municipal and community-based social housing providers. During the initial phase, fifteen residential properties in St. John's with an appraised value of \$1,418,000 were transferred under SFRPHI.

In the renewed phase, ten residential properties, with a market value of \$1,100,000, were transferred in support of community homelessness projects. Table 1 provides an overview of the surplus properties in St. John's transferred during Phase II of SFRPHI.

<b>SFRPHI – Phase II St. John's, NFLD</b>				
<b>Proponent</b>	<b>Properties</b>	<b>Custodian</b>	<b>Market Value</b>	<b>Utilization</b>
Cabot Habitat for Humanity	39 Whiteway St. 41 Whiteway St.	PWGSC	\$233,000	Low-income, affordable housing
Stella Burry Corporation	37 Whiteway St.	PWGSC	\$112,000	Supportive, transitional, affordable housing
Newfoundland and Labrador Housing Corporation	59 Guy St. 33 Whiteway St. 43 Whiteway St.	PWGSC	\$319,000	Accessible, affordable housing for persons with disabilities
Association for New Canadians	29 Whiteway St. 36 Whiteway St. 20 Amherst Heights	PWGSC DND	\$341,000	Temporary, affordable accommodation for families
City of St-John's	71 Guy St.	PWGSC	\$95,000	Low-income, accessible housing
			<b>\$1,100,000</b>	

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Of the ten residential properties transferred under Phase II, nine were made available for disposal by PWGSC and the remaining one property was provided by the Department of National Defence. The nine Whiteway and Guy Street properties were constructed in the late 1950's as married quarters for military personnel. In the late 1960's and early 1970's custodianship of these properties was transferred to PWGSC who managed the properties for DND through a rental agreement. Properties are identified as being surplus based on DND requirements for personnel quarters. Local PWGSC staff expects other residential properties in St. John's will be declared surplus over the next few years.

### **Community Proponents**

#### *Cabot Habitat for Humanity*

Cabot Habitat for Humanity was established in 1994 and has built homes for 17 families in the greater St. John's area. Habitat houses are sold to partner families at no profit and financed through affordable, interest free mortgages which are held by Habitat for Humanity. Cabot Habitat for Humanity had previously received, under the initial phase, two properties in St. John's with a market value of \$180,000.

In the renewed phase, Cabot Habitat for Humanity received two properties in St. John's with an assessed value of \$233,000. These properties were renovated to provide affordable, ownership housing for two families living in poverty; a family of two adults and four children and a family of one adult and three children. The SFRPHI contribution represents approximately 66% of the total investment made in these two properties. Other sources of funding included: private sector grants and gifts in kind (17%), fundraising activities (10%), and a bank loan (7%). Cabot Habitat for Humanity submitted their proposal in early 2003, the project was accepted in December 2003, the contribution agreement was signed in February 2005, and the property transfer was completed in August 2005.

#### *Stella Burry Corporation*

The Stella Burry Corporation, an organization of the United Church of Canada, was formed in 1995 and provides leadership in the development and management of supportive housing for marginalized individuals. The Corporation had previously received six properties in St. John's through SFRPHI with a total value of \$610,000.

During the renewed phase, the Stella Burry Corporation obtained one property with a market value of \$112,000 to provide supportive, transitional, affordable housing for a hard-to-house low income family. The project was initiated in the spring of 2003 and the transfer was completed by May 2005. The SFRPHI contribution represents approximately 97% of the project investment, with additional funding (3%) for upgrades and furnishing being provided from church funds and local non-profit organizations. At the time of this report, the property was providing quality housing for a single parent with one child.

The SFRPHI projects represent the cornerstone in the expansion of the Corporation's affordable housing portfolio. The Stella Burry Corporation has leveraged the equity provided through the properties to purchase an additional three properties, including a 3 unit and a 16 bedroom unit, and intends to acquire additional social housing properties in St. John's over the next few years.

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*Newfoundland and Labrador Housing Corporation*

The Newfoundland and Labrador Housing Corporation (NLHC), the provincial organization responsible for social housing, was established in 1967 and administers over 5,900 rental housing units across the Province. In the initial phase, the NLHC received five properties in St. John's and four in Gander with a total value of \$669,000. In the renewed phase, the NLHC received three properties in St. John's with a market value of \$319,000 which have been renovated to provide accessible, affordable housing for people with disabilities.

The St. John's project was initiated in October 2002, the contribution agreement was signed in November 2004 and the property transfer was completed in July 2005. The properties were subsequently renovated with funds from the NLHC's allocated budget and, at the time of this report, applications for occupancy from prospective families were being assessed. The SFRPHI properties represent the first increase since 1993 in the NLHC social housing stock.

*Association for New Canadians*

The Association for New Canadians, a non-profit organization, was established in 1979 to assist new immigrants in their settlement and integration within the community. As the sole provider of settlement-integration services in the Province, the Association addresses the needs of government assisted refugees from the point of arrival through to independent living. The Association's activities are funded by Immigration Canada with whom it has a service agreement. The Association provides suitable and affordable housing for 150 to 200 people arriving in the Province each year.

During the renewed phase of SFRPHI, the Association for New Canadians received three properties with a market value of \$341,000. The SFRPHI properties are used to provide temporary, affordable accommodation for families and extended family units. At the time of this report, the properties were providing housing for three families comprised of a total of 14 individuals: 10 adults, 2 teenagers and 2 children. The project was initiated with a letter of interest in December 2002, in March 2003 the Association submitted its proposal, in February 2005 they received the contribution agreement and the transfer was completed in June 2005. The SFRPHI projects have both enhanced the Association's ability to obtain quality social housing as well as provided the organization with the equity and operating revenues needed to expand and diversify its programs in support of its mandate.

*City of St. John's*

The City of St. John's administers and manages a social housing portfolio comprised of 424 housing units. Under SFRPHI, the City of St. John's received one property, with a market value of \$95,000, to provide housing to low-income individuals in need of partially accessible housing (all amenities on one level). At the time of this report, the City was reviewing applications and expected that the unit would be designated to a recipient in February 2006. SFRPHI funding represented approximately 90% of the project costs, with the additional 10% of funding for property upgrades coming from the Provincial Home Repair Program, administered by the Newfoundland and Labrador Housing Corporation. The SFRPHI project represents the first increase in the City's social housing stock since 1992.

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**Case Study #2 - Benny Farm, Montreal (Quebec)**

Benny Farm covers an area of 18 acres in Montreal's Notre-Dame-de-Grace district. CLC acquired the property from CMHC in 1999.

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SHDM is a non-profit housing corporation, which was created in 1988 and is owned by the City of Montreal. SHDM is responsible for responding to the affordable housing needs of citizens while also contributing to the revitalization of targeted neighbourhoods. SHDM owns and manages 5,572 rental-housing units in Montreal. SHDM has not previously received any contributions under SFRPHI.

SHDM will conduct an RFP process to select a contractor to build as many as 110 units of affordable ownership housing. These units will subsequently be sold to modest income households, ranging in size from one to eight persons, who could otherwise not afford to own a home. SHDM holds a mortgage guarantee on each unit, thereby ensuring that the homes remain affordable to subsequent owners.

Because the federal property is located in the Province of Québec, this transaction required intergovernmental agreement under the *Loi sur le ministère du conseil exécutif*. Therefore, the recipient had to seek the required exclusion decree from the Province of Québec to complete the transaction. It is our understanding that the decree was in the process of being obtained when this report was drafted.

**Case Study #3 - Albion Road, Ottawa (Ontario)**

The City of Ottawa is the proponent for this project to use 2 blocks of Blossom Park Village, located at Albion Road and Queensdale Avenue, valued at \$812,000 for 80 units of a mix of market and non-market housing, with the larger per cent being the latter.

This project was initiated in October 2002 and was completed in the summer of 2004. The City of Ottawa is working to help decrease the number of families on the Ottawa Social Housing Registry, as the majority of units made available to households on the list. The majority of units address the needs of people who are homelessness and those at risk of homelessness including people seeking affordable accommodations. The affordable housing serves low and moderate-income households. Housing costs are affordable to the target population. It is our understanding that the City is issuing an RFP to have the 2 blocks constructed this spring.

**Case Study #4 - Strathmore (Alberta)**

The Strathmore project is a federal property, which has been made available for disposal by Royal Canadian Mounted Police. This building had been used as a detachment up to about 10

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years ago when it was leased to women's crisis centre until the summer of 2003. This project was initiated in the fall of 2003, and completed on March 31, 2005.

Step One Housing Society made the necessary research to determine who owned the building and indicate an interest in it to turn it into a shelter for men and women who are mentally ill but able to live with some autonomy.

The property is situated at 807 Glendale Street, Strathmore Alberta and is valued at \$260,000.

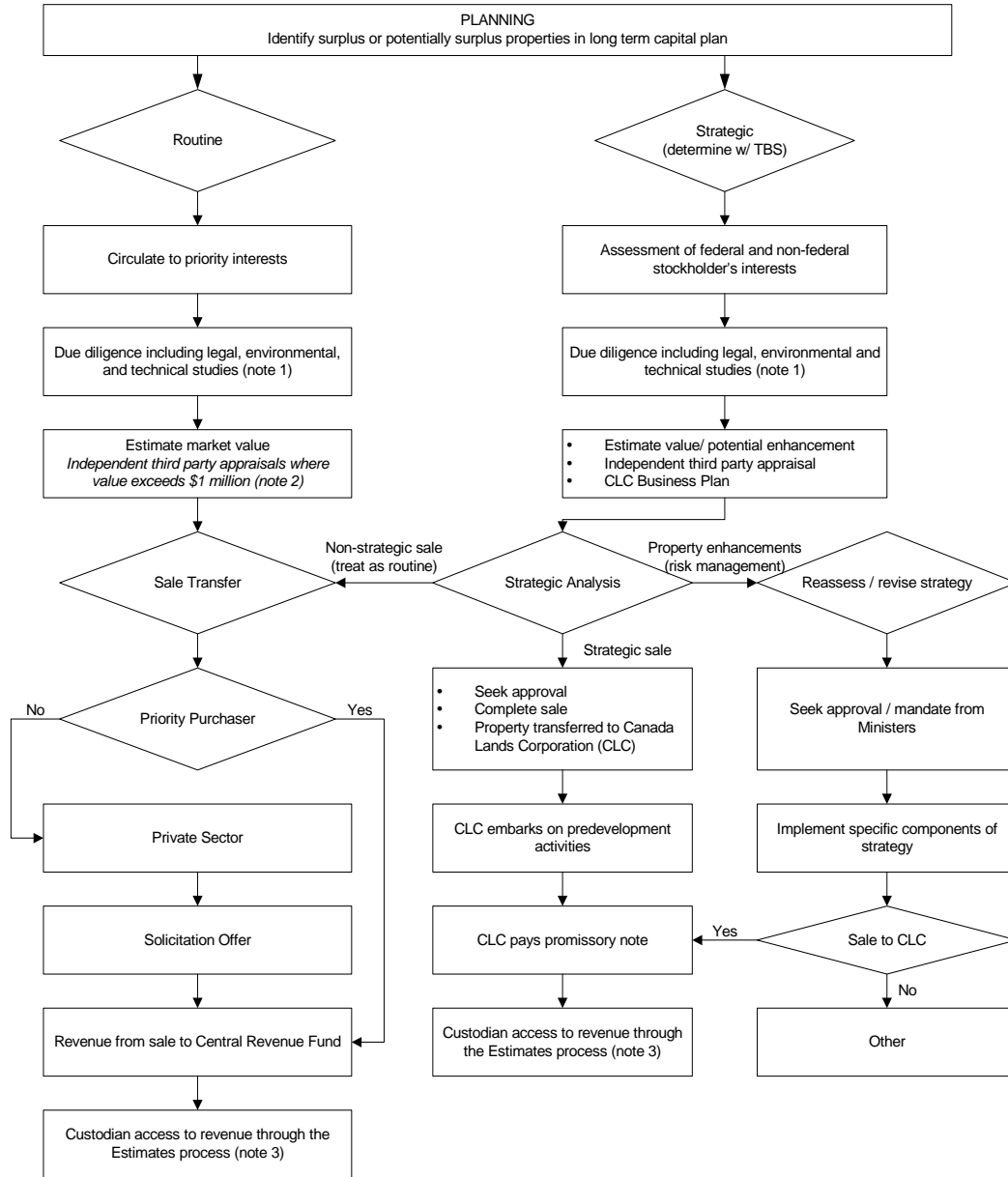
The Step One Housing Society was incorporated in 1999. The Society's mission is to provide housing for men and women who are mentally ill. In Strathmore since May 2001, the Society has provided housing and support services to two residents, assisting them in the transition to self-sufficiency. The Step One Housing Society has not received any previous contributions through the SFRPHI.

The property was converted in order to provide housing for eight mental health clients at risk of homelessness as well as to provide space for an office for the mental health outreach worker and on-site programming. This organization is run by volunteers and has no paid employees. The organization has partnered with the Alberta Casinos Corporation and other local philanthropic organizations to secure their ongoing maintenance and operating costs.

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**Annex F - Federal Real Property Disposal Process**

**Federal Real Property Disposal System Process and Decision Points**



**Notes**

Note 1: The custodian must obtain a clear indication of any significant legal issues regarding title from Justice Canada prior to proceeding further.

Note 2: See - *Open and Fair Transactions Policy, Appendix C, Appraisals and Estimates*, Treasury Board Secretariat.

Note 3: Custodian access to revenue through ARLU linked to Treasury Board approved strategic investment framework.

*Source: Policy on the Disposal of Surplus Real Property, Treasury Board Secretariat*