



CITY OF KINGSTON  
**REPORT TO COUNCIL**

Report No.: 10-237

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**TO:** Mayor and Council

**FROM:** Terry Willing, Acting Commissioner, Community Services Group

**RESOURCE STAFF:** Jim de Hoop, Director, Community and Family Services

**DATE OF MEETING:** July 20, 2010

**SUBJECT:** Disposition of Bridge House (Kingston) Incorporated

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**EXECUTIVE SUMMARY:**

The purpose of this report is to provide Council with a recommended direction on the outcome of RFP F31-CDSS-CFS-2010-2 regarding the disposition of Bridge House (Kingston) Incorporated.

Bridge House provided short-term, low-cost, temporary accommodations and support services for women and children who came from out of town to visit family members incarcerated in area correctional institutions. The building, located on Kingscourt Avenue, had room for up to 10 beds in a shared-living arrangement, and is considered to be part of the inventory of 2,003 social housing units for which the City is the Service Manager. Bridge House ceased providing client services and closed operations on February 28, 2010. The Service Manager, with the assistance of a Property Management firm, has assumed responsibility for management of the building pending a possible transfer to another non-profit housing provider or a private sale. The Board of Directors signed a Supervisory Management Agreement with the City in March 2010.

City staff received Council approval on February 16, 2010 to issue a Request for Proposal (RFP). The RFP closed on June 17, 2010, and one proposal was received from Home Base Housing in Kingston. The proposal involves purchasing the property, building and assets and using 4 out of the 10 rent geared-to-income subsidies for up to four young single mothers who have returned to high school. The young mothers would receive support services from Home Base Housing, Better Beginnings and Children's Aid Society while residing in the building and they would be eligible to remain in the building as long as they are in school and require support services.

Although the proposal met most of the evaluation criteria set out in the RFP and would meet a unique and worthwhile need in the community, there was one major issue which prevents the Evaluation Committee from recommending acceptance of the proposal. It was a requirement from Home Base Housing that it receive full maintenance and administration funding for the building, although it was only planning to use a total of 4 out of the 10 available subsidies.

City staff met with Home Base Housing on June 22, 2010 to review its proposal and explore possible options to resolve the funding issue and move the proposal forward. Unfortunately, Home Base Housing did not feel that it was in a position to amend its proposal. Given that Bridge House is governed by the *Social Housing Reform Act* (SHRA), which includes very specific calculations on benchmarked operating costs, it was not possible for the Evaluation Committee (and the Service Manager) to agree to the requirement from Home Base Housing.

The City, as Service Manager, is recommending that the Bridge House property, building and assets be sold on the open market and that any remaining funds, after all related costs and expenses have been paid out, be provided to Bridge House to be disbursed in accordance with the SHRA, the group's Letters Patent, and other relevant legislation. The Board of Directors at

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Bridge House has confirmed its support for this recommendation through a Board resolution and through its participation on the Evaluation Committee. In accordance with Provincial legislation, any action related to the disposal of the building will require Ministerial consent.

**RECOMMENDATION:**

**THAT** Council authorize the sale of the property, building and assets located at 333 Kingscourt Avenue owned by Bridge House (Kingston) Incorporated, subject to Ministerial consent.

**THAT** Council approve the transfer of any surplus funds arising out of the sale of the building, after the payment of all related costs, to Bridge House (Kingston) Incorporated, to be disposed of in accordance with the *Social Housing Reform Act*, Bridge House's Letters Patent, and any other relevant legislation, through a transfer to another Housing Provider, Charitable Organization, not-for-profit agency or the City of Kingston as Service Manager, subject to Ministry concurrence.

**THAT** Council authorize the Service Manager to re-allocate the ten (10) rent geared-to-income subsidies to another Housing Provider or through the City's Rent Supplement Program in order to maintain the City's legislated inventory of 2,003 social housing units.

**AUTHORIZING SIGNATURES:**

ORIGINAL SIGNED BY COMMISSIONER _____ Terry Willing, Acting Commissioner, Community Services Group
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER _____ Gerard Hunt, Chief Administrative Officer

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Commissioner Beach, <i>Sustainability &amp; Growth</i>	N/R
Commissioner Leger, <i>Corporate Services</i>	N/R
Jim Keech, President, <i>Utilities Kingston</i>	N/R

*(N/R indicates consultation not required)*

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**OPTIONS/DISCUSSION:**

Bridge House (Kingston) Incorporated was transferred to the City of Kingston in 2001 in accordance with the *Social Housing Reform Act (SHRA)*. Bridge House provided short-term, low-cost, temporary accommodations and support services for women and children who came from out of town to visit family members incarcerated in area correctional institutions. Support services included on-site counseling and running a small transportation program for families visiting correctional institutions. The building, located at 333 Kingscourt Avenue, had room for up to 10 beds in a shared-living arrangement. The 10 beds provided by Bridge House are considered to be part of the inventory of social housing units for which the City is the Service Manager. The transfer from the Province included subsidies for the original 10 beds.

From 2001 to 2007, Bridge House received funding from two primary sources: \$124,000 in provincial funding through the former Supports to Daily Living Program for counselling services, and \$52,000 in municipal social housing funding for the short term accommodation of its clients. As a result of the consolidation of some homelessness provincial program funding (CHPP) in 2007, Bridge House no longer received the \$124,000 under the Supports to Daily Living Program. In an effort to mitigate the impact on services provided by Bridge House and to allow the Board of Directors time to explore alternative funding sources and/or make appropriate changes to its program delivery, Council approved transitional or "bridge funding" be extended to Bridge House (and two other agencies) for 2007, with the extension of funding through 2008 and 2009. In 2009, Bridge House received approximately \$124,000 in funding, with the specific understanding that 2009 would be the last year the organization would receive support funding from the City.

Throughout 2009 Community and Family Services staff worked with the Board of Directors to confirm the Board's intentions for the Corporation and to ensure the Board recognized the need to have an action plan and/or to find alternate funding sources for 2010. The Service Manager made it clear that without adequate funding the Board would not have a sustainable financial footing in order to continue its operations.

After numerous efforts to find alternative funding sources, specifically at both the Federal and Provincial levels, the Board of Directors at Bridge House decided to close its operations and approved this direction at a Board meeting on January 27, 2010.

Service delivery ended on January 31, 2010 and the building was closed on February 28, 2010. The Service Manager, with the assistance of a Property Management firm, assumed responsibility for the day-to-day management of the vacant building on March 1, 2010, pending the possible transfer to another non-profit housing provider or a private sale. The Service Manager and the Board of Directors signed a Supervisory Management Agreement on March 1, 2010. Further, it should be noted that the current arrangements does not change ownership of the building or in any way limit the legal responsibilities and liabilities of the Board of Directors until a transfer or sale has been executed. The Board continues to receive independent legal advice and to meet regularly with City staff.

Council Resolution (*Clause (d) Report No. 29 February 16 and 17, 2010*) confirmed the following direction:

*THAT Council authorize the Mayor and Clerk to enter into a Supervisory Management Agreement with Bridge House (Kingston) Incorporated in a manner satisfactory to Legal Services; and*

*THAT Council approve the issuance of a Request for Proposal (RFP) in order to measure the interest in the transfer of the property, building and assets to another community agency, it being understood that any transfer or disposal of the building requires both Council approval and Ministerial Consent; and*

*THAT Council approve the monthly housing operating funding to Bridge House (Kingston) Incorporated be redirected to offset expenses relating to the closure of the facility with it being understood that these expenses will be recouped with the final sale of the building.*

Staff prepared a Request for Proposal (RFP) in order to identify opportunities within the Kingston housing community of a possible transfer of the property, building, assets and 10 housing subsidies to another Social Housing Provider (Option A) or the

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possible sale of the building to another agency looking to purchase the building and use it as a group home (Option b). The RFP was issued on April 20, 2010.

RFP F31-CDS-CFS-2010-2 closed on June 17, 2010 with one respondent. A proposal was received from Kingston Home Base Housing to purchase the property, building and assets (for a nominal sum) and to transfer the use of 4 out of the 10 rent geared-to-income subsidies under Option A of the RFP. The proposal from Home Base Housing, involved housing up to four young single mothers who had decided to return to high school, which is located down the street from the Bridge House building. The young mothers would receive support services from Home Base Housing, Better Beginnings and Children's Aid Society while residing in the building and they would be eligible to remain in the building while they were in school and required support services.

There is one major issue that prevents the Evaluation Committee from recommending acceptance of the Home Base Housing proposal. It was a requirement from Home Base Housing that it receive full maintenance and administration funding for the building, although it was only planning to use a total of 4 out of the 10 available subsidies. This would involve the City allocating an additional \$22,831 in annual operating funds to Home Base Housing, which would otherwise be allocated to offset the costs of 6 new rent supplement units within the City to make up the required 10 subsidies. It should also be noted that the RFP clearly identified that the City would not be in a position to contribute funds for the support of the proposed residents and that the building would continue to be subject to the *Social Housing Reform Act* under Option A. City staff met with Home Base Housing on June 22, 2010 to review its proposal and explore possible options to resolve the funding issue and move the proposal forward. Unfortunately, Home Base Housing did not feel that it was in a position to amend its proposal.

It should be noted that no proposal(s) were received under Option B regarding the possible sale of the building to another agency looking for a group home.

The *Social Housing Reform Act* includes very specific calculations on benchmarked operating costs. Although Council does have the option of providing special top up funding of approximately \$22,000 annually, it is not a recommendation that the Evaluation Committee (or the Service Manager) can substantiate at this time.

The RFP Evaluation Committee included a representative from the Bridge House Board of Directors, who was fully informed and involved in the RFP evaluation process. Based on the fact that the Evaluation Committee felt it was unable to recommend acceptance of the one proposal received, the Board of Directors passed the following resolution on June 28, 2010.

***"That the Board of Bridge House supports the City's recommendation that the Bridge House property at 333 Kingscourt Ave be put up for sale on the open market, and that the Social Housing funding that had helped support the agency be put to use in the City of Kingston to help those in need of housing."***

Given the above motion, the Service Manager is recommending that the Bridge House building, located at 333 Kingscourt Avenue, and all related assets be sold on the open market and that any remaining funds, after all related costs and expenses have been paid out, be provided to Bridge House to be disbursed in accordance with the Social Housing Reform Act, the group's Letters Patent, and any other related legislation. In accordance with the SHRA, any action related to the disposal of the building will also require Ministerial consent.

Once a sale takes place, the mortgage of approximately \$135,000 will be paid out and any excess funds will first be used to offset any related legal and operating expenses incurred by the group in order to process the sale.

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**EXISTING POLICY/BY LAW:**

The Social Housing Reform Act, 2000

**NOTICE PROVISIONS:**

There are no existing notice requirements under the Municipal Act concerning this subject, on record, to date.

**ACCESSIBILITY CONSIDERATIONS:**

Copies of reports may be available in alternative formats.

**FINANCIAL CONSIDERATIONS:**

Funds to offset costs related to the sale of the building should be covered by the funds derived from the sale. An appraisal of the property from February 2010 indicated an estimated value of \$317,000. The outstanding balance of the mortgage is under \$135,000. Any surplus funds after the sale of the building and the disposition of all related costs would be distributed in accordance with the SHRA, the group's Letters Patent, and any relevant legislation, as a transfer to another Housing Provider, Charitable Organization, not-for-profit agency or the City of Kingston as Service Manager.

**CONTACTS:**

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Mary McIntyre, Program Administrator, Community and Family Services	x4806
Katie Clarke, Financial Analyst, Community and Family Services	x4857

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Alan Mcleod, Senior Legal Counsel, Legal Services

**EXHIBITS ATTACHED:**

No exhibits attached