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Tuesday, April 25, 2023

FILE NO: 001098

BY EMAIL: MMak@litigationchambers.com

Michelle Mak
Hunter Litigation Chambers
Suite 2100 - 1040 West Georgia Street
Vancouver, BC, V6E 4H1

Dear Ms. Mak:

Re: Notice of public interest disclosure under s. 25(1)(b) of the *Freedom of Information and Protection of Privacy Act*, RSBC 1996, c. 165

These are the representations of Atira Women's Resource Society ("Atira") and Janice Abbott with respect to the report of EY (authors anonymous) dated March 6, 2023 (the "Report").

We note that on April 20, 2023, we requested on behalf of Atira and Ms. Abbott the name(s) of the author(s) of the Report and details of the qualifications and educational experiences of the author(s). [see the attached Schedule "A"]

On April 24, 2023, Brendan D.B. Hodge, legal counsel for the Ministry of Housing, informed the writer that the Ministry "cannot provide you with information regarding the specific individual(s) at EY who authored the Report." [see the attached Schedule "B"]

The Report should be given no weight or credibility if the author(s) remain(s) anonymous. It is impossible to assess whether the anonymous author(s) possess the requisite skill, knowledge and experience to perform the scope of work outlined in the Report or whether they are sufficiently independent to provide objective opinions.

The lack of transparency concerning the authors of the report is particularly troubling because there is reason to doubt whether EY sufficiently objective given EY's longstanding relationship with the Provincial Government as its client and EY's previous audit of BC Housing's financial and operational processes. See: <https://www.cbc.ca/news/canada/british-columbia/b-c-housing-being-audited-1.6664993>

We also note that only cursory interviews were conducted with [REDACTED] and [REDACTED] Atira's bank records were never requested by EY, and would have been

provided upon request.

On April 11, 2023, Atira and Ms. Abbott received letters dated April 6, 2023, inviting them to make representations concerning the Report by a deadline of April 25, 2023, but did not provide them with a copy of the Report. [see the attached Schedules “B.1” and “B.2”]

Atira and Ms. Abbott were first granted access to a copy of the Report, which is 50 pages long, on April 14, 2023. [see the attached Schedule “B.3”]

Because of the Report’s length and its broad scope, and the short deadline to provide representations, Atira and Ms. Abbott are not in a position to respond to all of the allegations in the Report. Given an adequate amount of time, Atira and Ms. Abbott could provide more fulsome representations.

Atira and Ms. Abbott hereby provide the following responses:

Page 5 of the Report states: “Since FY 2019, Atira’s funding [by BC Housing] has outpaced its peers, culminating in FY 2022 when Atira received approximately \$35M more than the next highest Provider. As detailed further in our Report, we have concerns regarding several matters which have contributed to this substantial increase in funding. ... Given Atira’s economic dependence on BC Housing, its continued financial viability could be threatened by significant changes to the level of funding provided by BCH.”

Atira did not receive \$35 million more in funding from BC Housing than the next highest provider in fiscal year (“FY”) 2022. That figure is overstated by \$15 million. In FY 2022 Atira received approximately \$20 million more in funding than the PHS Community Services Society (PHS), the next highest recipient of funding from BC Housing.

BC Housing funding for Atira and other service provides for FY 2019 through to FY 2022 was as follows:¹

	Atira	PHS	Raincity	Lookout
FY2022	57,528,741	36,897,671	27,249,756	30,419,831
FY2021	52,409,257	29,000,125	24,003,229	29,893,443
FY2020	32,375,858	25,214,156	20,804,559	24,972,040
FY2019	26,431,751	22,021,612	15,917,676	22,012,582

These statements also fail to consider the fact that Atira operates the largest number of housing and shelter units of all providers:²

¹ 1. Financial information was obtained from audited financial statements and annual reports publicly available on each housing provider's official websites, as well as T3010 Charity Information Return available on the official website of Canada Revenue Agency.

2. Amortization of Deferred Contributions and Forgivable Loans may contain additional funding from BC Housing which corresponds to the fiscal year's portion received in prior fiscal years. Since BC Housing's portion of each Society's Deferred Contributions and Forgivable Loans cannot be assessed in accurate fashion, this revenue is reported separately from BC Housing or any other revenue categories.

3. This information has not been audited. Please refer to each organization's full audited financial statements.

² Note: Data compiled from multiple sources. PHS data retrieved from PHS Community Services Society (2022); RainCity Housing data retrieved from RainCity Housing and Support Society (2023); Lookout Society data retrieved from Lookout Housing and Health Society (2022).

	Atira	PHS	Raincity	Lookout
Housing & Shelter Units	2323	1600	1194	1843

These statements also leave the false impression that Atira is more dependent on Provincial Government funding than other providers. The report fails to take into account that other providers may receive a higher proportion of their total revenue from Provincial government funding, including agencies other than BC Housing.

The statements also fail to consider the differences in each housing providers' tenant population and programs offered, which may expalng why BC Housing is the most appropriate funder for Atira.

See the following charts outlining the total provincial government funding for each provider for Fiscal Years ("FY") 2021 and 2022:³

Comparison of FY2021 Provincial Revenue Proportion to Total Revenue per T3010 Information Return (Canada Revenue Agency)					
	(A)	(B)	(C)	(D)	(E) = (B) ÷ (D)
	Total Revenue received from Federal Government (Box 4540)	Total Revenue received from Provincial /Territorial Government (Box 4550)	Total Revenue received from Municipal /Regional Government (Box 4550)	Total Revenue (Box 4700)	Percentage of Funding from Provincial /Territorial Government
Atira Women's Resource Society	\$ 1,034,426	\$ 53,130,638	\$ -	\$ 66,645,374	79.72%
PHS Community services Society	628,813	44,270,483	51,322	62,811,465	70.48%

References:

PHS Community Services Society. (2022). Annual report 2022. <https://www.phs.ca/wp-content/uploads/2022/09/phs-annual-report-2022.pdf>

RainCity Housing and Support Society. (2023). 2022 Annual report. <https://www.raincityhousing.org/wp-content/uploads/2023/04/2022-Annual-Report.pdf>

Lookout Housing and Health Society. (2022). Annual report 2021-2022. <https://lookoutsociety.ca/annual-report-2021-2022/>

³ Note: Data compiled from multiple sources. Atira data retrieved from Canada Revenue Agency (n.d.a); PHS data retrieved from Canada Revenue Agency (n.d.b); RainCity Housing data retrieved from Canada Revenue Agency (n.d.c); Lookout Society data retrieved from Canada Revenue Agency (n.d.d).

References:

Canada Revenue Agency. (n.d.a). Atira Women's Resource Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=atira&q.stts=0007&selectedCharityBn=106736101RR0001&dsrdPg=1>

Canada Revenue Agency. (n.d.b). PHS Community Services Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=phs&q.stts=0007&selectedCharityBn=891413791RR0001&dsrdPg=1>

Canada Revenue Agency. (n.d.c). RainCity Housing and Support Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=raincity&q.stts=0007&selectedCharityBn=127115780RR0001&dsrdPg=1>

Canada Revenue Agency. (n.d.d). Lookout Housing and Health Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=lookout&q.stts=0007&selectedCharityBn=130695166RR0001&dsrdPg=1>

Raincity Housing and Support Society	330,558	35,730,061	566,097	40,586,730	88.03%
Lookout Housing and Health Society	474,850	31,419,726	10,839,013	53,114,763	59.15%

Comparison of FY2022 Provincial Revenue Proportion to Total Revenue per T3010 Information Return (Canada Revenue Agency)					
	(A)	(B)	(C)	(D)	(E) = (B) ÷ (D)
	Total Revenue received from Federal Government (Box 4540)	Total Revenue received from Provincial /Territorial Government (Box 4550)	Total Revenue received from Municipal /Regional Government (Box 4550)	Total Revenue (Box 4700)	Percentage of Funding from Provincial /Territorial Government
Atira Women's Resource Society	\$ 1,473,071	\$ 59,683,289	\$ -	\$ 74,673,180	79.93%
PHS Community services Society	650,928	54,973,054	263,500	66,053,199	83.23%
Raincity Housing and Support Society	385,672	39,068,664	440,828	43,568,827	89.67%
Lookout Housing and Health Society	507,740	32,439,449	13,280,863	57,607,101	56.31%

Page 13 of the Report states: “Starting in FY 2019, Atira began generating surpluses in excess of \$1M, as shown in Table 2 below. EY observed that these increased surpluses aligned with the point in time when Atira’s annual funding levels jumped.”

Fiscal Year	Annual funding provided by BC Housing	Current year surplus/(deficit) per financial reviews
FY 2016	\$17.0M	\$64K
FY 2017	\$18.2M	(\$454K)
FY 2018	\$21.2M	\$8K
FY 2019	\$28.2M	\$1.7M
FY 2020	\$33.2M	\$2.5M
FY 2021	\$57.5M	Unknown
FY 2022	\$74.1M	Unknown

The Report does not consider that a cause of the increase in funding was because of the costs incurred by Atira through its need to provide increased services in the form of housing to people displaced by the City of Vancouver and the Provinces’ decision to implement a decampment process and the increased costs associated with housing people during the COVID-19 pandemic, including the need to quarantine certain tenants.

For example, Atira operated the following buildings when most other providers were either unwilling or unable to in response to the need to provide housing to people in response to decampments or the need to provide housing during the pandemic:

Hi Hostel Vancouver

- Large numbers of its tenants are from Oppenheimer Park, who moved to the hotel after the City of Vancouver and Province decided to shut down the encampment at the park.
- A large number of the tenants from Oppenheimer Park struggled with the trauma of being “decamped,” had both physical and mental disabilities, severe substance use issues, and a variety of weapons.
- Housing these tenants was complicated by COVID-19 health and safety restrictions, especially given the limited understanding of the virus at the beginning of the pandemic.
- Tensions between tenants from Oppenheimer Park and residents in the neighbourhood resulted in various crises and emergencies and required the hiring of 24/7 security guards.

Howard Johnson

- Large number of tenants are from Oppenheimer Park.
- The City and Province’s decision to shut down the Park resulted in a large number of tenants from Oppenheimer Park who struggled with the trauma of being “decamped,” had both physical and mental disabilities, severe substance use issues, and a variety of weapons, including some with guns and other dangerous belongings, needing to find a place to be housed.
- Due to COVID-19 restrictions, housing these tenants had additional layer of health and safety complications, especially given the limited understanding of the virus at the beginning of the pandemic.
- The relocation was not received well by all of the tenants or by the neighbourhood, hence additional crises and emergency response work was required, including the hiring of security guards on duty 24/7.
- Atira was also required to deal with media attention on this building.

Buchan Hotel

- This hotel was employed as a COVID-19 quarantine and recovery centre for tenants from various housing providers. Vancouver Coastal Health assigned the tenants.
- The tenants were not required to pay rent and the need for housing was not as acute as predicted by health authorities.
- Tenants with COVID-19 infections were forced to live in quarantine, necessitating additional expenses, including but not limited to sanitization and other expensive cleaning services, personal protective equipment, and delivering meals to the tenants.

Patricia Hotel

- Large numbers of tenants are from Strathcona Park, who moved to the hotel after the City of Vancouver shut down the encampment at the park.
- A large number of the tenants from Strathcona Park posed significant behavioural challenges, possessed physical and mental disabilities, severe substance use issues, and a variety of weapons.

- Tensions between tenants from Strathcona Park and existing tenants resulted in various crises and emergencies and required the hiring of 24/7 security guards.
- Certain tenants from Strathcona Park refused to pay rent. Certain tenants with leases with the previous owner also refused to pay rent. This resulted in a high level of arrears and write-offs. See the composition of the Arrears Balance as of January 2023:

Patricia Hotel Arrears Balance as at Jan 2023, including Prior-Year Write-Offs		
Tenant Category	\$	%
Tenants grandfathered from Previous Owner	\$ 136,644.88	47.58%
Tenants moved in directly from Strathcona Park	77,092.50	26.85%
Other Tenants moved in from the Community	<u>73,435.34</u>	<u>25.57%</u>
TOTAL	\$ 287,172.72	100.00%

Table 2 also falsely suggests that Atira has accumulated a total surplus of \$2.5M between FY 2016 and FY 2020.

Atira has reconciled all surpluses with BC Housing to the end of FY 2019. On March 25, 2020 BC Housing adjusted Atira’s funding subsidy for FY 2020 by deducting from that amount the amount of the surplus received by Atira for FY 2019. [see the attached Schedule “C”]

BC Housing and Atira are currently going through the same reconciliation process for FY 2020.

Page 15 of the Report states: “EY obtained an analysis prepared by BC Housing’s Finance team calculating how much BC Housing’s Providers received in administration charge funding as a percentage of the operating budget for FY 2021 and FY 2022. This analysis showed that Atira received administration charge funding totally approximately 15% of its operating budget. In comparison, the average across all of BC Housing’s Providers was approximately 9%. Furthermore, Atira received more administration charge funding than ██████████ and ██████████. In particular, Atira received nearly 4%, or \$3.3M, more than ██████████ which had the next highest amount among the other Providers analyzed. The higher amount of administration charge contributed to the overall operating subsidy increases that Atira received.”

EY’s calculation of Atira’s administration costs as a percentage of its operating budget, and EY’s comparison of this percentage to that of other providers, is inaccurate.

In FY 2022 Atira did not receive “administration charge funding totally approximately 15% of its operating budget.” The true figure is 9.03%. This is approximately the same as what ██████████ and ██████████ spent on Management and Administration as a percentage of total expenditures in FY 2022. See the following chart:

Comparison of FY2022 Total Expenditures on Management and Administration, per T3010 Information Return (Canada Revenue Agency)			
	(A)	(B)	(C) = (A) ÷ (B)
	T3010 Charity Return Total Expenditures on Management and Administration (Box 5010)	T3010 Charity Return Total Expenditures (Box 5100)	Percentage of Management and Administration
Atira Women's Resource Society	\$6,722,521.00	\$ 74,427,435.00	9.03%
PHS Community services Society	\$6,001,931.00	\$ 65,015,598.00	9.23%
Raincity Housing and Support Society	\$4,051,048.00	\$ 45,168,501.00	8.97%
Lookout Housing and Health Society	\$2,997,161.00	\$ 57,056,957.00	5.25% ⁴

Page 16 of the Report states: “We were unable to identify documentation supporting the rationale for BC Housing accepting assignment of Atira’s contract [for the purchase of Burns Block] after it was determined that Atira ‘cannot close.’ Furthermore, we were unable to identify a rationale for Atira being directly awarded the operating agreement for this property.”

The claim that Atira could not close on the purchase of Burns Block is false. The source of the words “cannot close” is not identified by the anonymous author of the report.

Atira was willing and able to close on the purchase of Burns Block. Atira assigned its contract for the purchase of Burns Block at the request of BC Housing. See the attached minutes of the March 16, 2021 meeting of Atira’s Board of Directors and the attached emails. [Schedules “D” and “E”]

⁴ Lookout Housing and Health Society’s FY2022 Expenditure on Management Administration only includes the service contract fees paid to The Lookout Foundation in the amount of \$2,997,161.00, and does not include other administration expenses that other Societies may have included. (Lookout Housing and Health Society: FY2022 Audited Financial Statements). As such, the categorization of the expenses and grouping of costs are inconsistent from Society to Society, therefore, a comparison of Administration Charge % is largely misleading without having obtained all relevant information from each Society.

Note: Data compiled from multiple sources. Atira data retrieved from Canada Revenue Agency (n.d.a); PHS data retrieved from Canada Revenue Agency (n.d.b); RainCity Housing data retrieved from Canada Revenue Agency (n.d.c); Lookout Society data retrieved from Canada Revenue Agency (n.d.d).

References:

- Canada Revenue Agency. (n.d.a). Atira Women's Resource Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=atira&q.stts=0007&selectedCharityBn=106736101RR0001&dsrdPg=1>
- Canada Revenue Agency. (n.d.b). PHS Community Services Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=phs&q.stts=0007&selectedCharityBn=891413791RR0001&dsrdPg=1>
- Canada Revenue Agency. (n.d.c). RainCity Housing and Support Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=raincity&q.stts=0007&selectedCharityBn=127115780RR0001&dsrdPg=1>
- Canada Revenue Agency. (n.d.d). Lookout Housing and Health Society: Reporting period ending 2022-03-31. <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNmFltr=lookout&q.stts=0007&selectedCharityBn=130695166RR0001&dsrdPg=1>

Page 21 of the Report states: “We were told by [REDACTED] that Atira’s financial information submissions were sometimes ‘inaccurate’ in that ‘their year to dates were like three months off.’”

We are unable to respond to this anecdotal hearsay allegation without particulars. Please provide particulars at your earliest convenience regarding a) the “financial information submissions”, how it was “inaccurate” and which “year to dates were like three months off.”

Please also confirm whether [REDACTED] is one of the individuals who the Report alleges at page 7 EY is “concerned that the [BC Housing] team primarily responsible for this review may not have had the appropriate competence, experience, or supervision in the circumstances.”

Page 24 of the Report states: “We were also told that when faced with opposition to its request from BC Housing employees, Atira employees would state, ‘[J. Abbott] will make a call’, suggesting J. Abbot has a preferential access to the senior members of BC Housing.”

Janice Abbott has never directed or instructed any Atira employees to make such statements and has no knowledge of any such statements ever having been made by any Atira employees.

We are not familiar with the accounting term “suggesting” and are unclear how relying on anecdotal hearsay without any meaningful particulars supports the “suggestion.”

Please provide a definition of “suggesting” and the following particulars a) the names of the Atira employees b) the words they spoke c) the names of who at BC Housing they spoke to and d) when the conversation took place. We request these particulars at EY’s earliest convenience.

Page 25 of the Report states: “BC Housing was not supportive of purchasing [303 Columbia] themselves, given a discrepancy between the appraised value of the property and the asking price.”

We understand that a “discrepancy” is “an accounting error that was not caused intentionally”. It is unclear how the term discrepancy could apply in this context. Please provide an explanation.

We note that the appraised value of the property on October 5, 2021 was \$16.2 million and the purchase price of the property was \$16 million. [see the attached Schedules “F” and “G”]

Page 25 of the Report states: “Atira’s use of \$2M in restricted funds [to purchase 303 Columbia] was confirmed to EY by both Atira’s Senior Executive Director of Finance and Executive Director of Finance. ... [REDACTED] told us that “[BC Housing] did not authorize either the use of restricted funds or the use of surplus.” Further, [REDACTED] told us that he was made aware of the use of the funds “after the fact” and “didn’t provide authorization” to Atira at that time either.”

During a telephone call on January 31, 2022, [REDACTED] told Janice Abbott that he agreed in principle to Atira’s use of the restricted funds for the purchase of 303 Columbia.

Atira has reimbursed BC Housing the \$2 million used to purchase 303 Columbia.

Page 26 of the Report states: “As of the date of this Report, Atira’s FY 2022 financial statements have yet to be issued, almost 11 months after the fiscal year-end”

The following factors have contributed to the delay in Atira issuing its audited financial statements for FY 2022:

- Delays by BC Housing in responding to confirmation requests from Atira’s auditors with respect to FY 2022.

From July 2022 to March 15, 2023, Atira and Manning Elliott (Atira’s auditors) were unable to obtain timely responses from BC Housing in response to a number of information requests required to complete Atira’s FY 2022 audits.

For example: BC Housing failed to share with Atira updated capital funding documents with respect to the Bridge elevator upgrade. On January 26, 2023, Atira requested confirmation about this transaction, which was not provided by BC Housing until March 15, 2023. [See attached Schedule “G.1”]

- A shortage of qualified financial staff caused by inadequate funding from BC Housing to hire such staff. [see the attached Schedules “G.2” and “G.3”]
- An increasing volume of financial information requests from BC Housing and third-party auditors since FY 2018.

Page 29 of the Report states: “BC Housing was also concerned what would happen in the event Atira did default under the Vancity mortgage. In this regard, ██████████ noted that Vancity would obtain control of Sereena and may not be in a position to ensure tenants are properly looked after, given that Vancity is not a housing provider.”

This statement contains a legal opinion about the consequences of Atira’s potential default under the mortgage. We were not provided with the legal opinion upon which this statement is based. Please provide us at your earliest convenience with the legal opinion and the name(s) and qualifications of the person(s) who provided the legal opinion.

This statement is also incorrect. The situation with the Sereena is no different than any other property where a third-party lender has provided first mortgage financing to the housing operator and BC Housing is providing operating funding pursuant to an operating agreement (whether or not BC Housing has also provided second mortgage financing).

In the case of Sereena’s, BC Housing required Atira to grant a Restrictive Covenant and Option to Purchase to the Provincial Rental Housing Corporation (“PRHC”) [see the attached Schedule “H”]. The Restrictive Covenant and Option was registered prior to Vancity’s security (and thus ranks in priority) and provides for the property to be used exclusively for social housing and for PRHC to have the right to purchase the property at any time for \$10. If Atira defaulted under the Vancity mortgage, PRHC could exercise the Option, take over the property for the payment of \$10 and

either assume the Vancity mortgage or pay it out. PRHC could also permit Vancity to foreclose and sell the property, but any purchaser would be bound by the Restrictive Covenant and Option. Therefore, PRHC and BC Housing have the ability to ensure continuity of service for the tenants of Sereena's despite any potential default by Atira.

On February 28, 2022 Vancity and BC Housing entered an Interlender Agreement [see the attached Schedule "I"] requiring Vancity to give BC Housing prior notice of any default by Atira under the mortgage and allow BC Housing to redirect operating funding directly to Vancity to remedy the default. The Interlender Agreement also provides BC Housing with the right to identify a successor operator with the necessary experience and capacity to continue the operation of the Sereena to which the property may be transferred and who can assume the Vancity mortgage.

Page 30 of the Report states: *"Questions concerning the necessity of the purchase of the Sereena (sic) given that BC Housing had excess capacity in its existing portfolio."*

At the time Atira was in the process of purchasing Sereena's, Atira was never informed by BC Housing "that BC Housing had excess capacity in its existing portfolio.

Page 31 of the Report states: *"Despite the Excom submission reflecting the purchase price being three times the appraised value of the property, BC Housing provided funding to Atira to purchase the Hollywood Motel."*

In August 2017 Atira purchased the Motel Hollywood at 9155 King George Blvd, Surrey BC.

In late 2016 Atira purchased the property at 9145 King George Blvd. In March 2017 Atira began operating at 9145 King George Blvd the Waaban, Outreach Support to First Nations, Metis and Inuit Women.

Before the purchase the Motel Hollywood was being used to traffic women, including those underage.

When Atira moved into the Waaban and began to witness the activities at the Motel Hollywood, it began lobbying efforts with the City of Surrey, BC Housing, and local MLAs. It also approached the owners of the Motel Hollywood and informed them it was working to shut it down and offered to purchase the property. Atira wanted to purchase the property to end the exploitation of women occurring on its premises and begin providing help to women in need at the property.

Since the purchase, Atira has created an additional 44 units of supportive housing on the lot as part of a modular housing development and there are plans to develop further housing on the property.

The purchase of the Motel Hollywood wasn't just about the money – it was about ending the exploitation of women – Atira's primary mission. [see the attached Schedule "I.1"]

Page 32 of the Report states: “However, EY observed that the loan commitment letter that was signed and accepted by J. Abbott, for 9155 reflected the mortgage’s status as repayable.”

This is false. The Loan Commitment Letter from BC Housing dated October 3, 2018, with respect to 9155 King George Blvd [see the attached Schedule “J”] states that “*British Columbia Housing Management Commission (“BCHMC”) is pleased to confirm that it will make available to Atira Women’s Resource Society a second priority forgivable mortgage loan.*” [underlining added]

Page 32 of the Report states: “In the years subsequent to the purchase of 9155, there remained inconsistent records and correspondence between BC Housing and Atira regarding the mortgage’s classification. For example, in 2019, BC housing responded to a confirmation from Atira’s auditor stating that the mortgage was repayable, This was contrary to how Atira records the loan on its financial statements for FY 2018. EY observed the following within Atira’s audited financial statements:

- *FY 2017: Atira disclosed the transaction as a subsequent event, with 9155’s mortgage described as repayable.*
- *FY 2018: Atira records the mortgage as forgivable.*
- *FY 2019: disclosed the following:*
 - *“During the year, the [BC Housing] forgivable loan related to the property located at 9155 King George Highway [sic], Surrey, BC in the amount of \$3,550.00 was converted to a [BCH] mortgage, the terms of which are being finalized.*
 - *EY could not locate contemporaneous documentation to support this statement.*
- *FY 2020 and FY 2021: Atira record the mortgage as repayable with terms “yet to be finalized.”*

Atira’s recording of the status of the loan was based on the Loan Commitment Letter and communications from BC Housing.

In FY 2018 Atira recorded the loan as forgivable pursuant to the Loan Commitment Letter from BC Housing dated October 3, 2018.

In FY 2019 Atira recorded the loan as a repayable mortgage pursuant to an email from BC Housing [see the attached Schedule “K”]. Atira also recorded the loan as a repayable mortgage in FY 2020 and 2021 based on the representations in the email.

In FY 2022 the loan was recorded as forgivable based upon information from BC Housing in response to an information request from Atira. [see the attached Schedules “L” and “M”]

Page 41 of the Report states: “[Housing Investment Corporation], as structured, could have allowed organizations such as Atira to obtain both operating funding from BC Housing, as well as debt from HIC.”

Atira has never applied for, expressed any interest in, or received any funding or debt from HIC. Any suggestion to the contrary is irresponsible speculation.

Inconsistent Scope of the Report

In its analysis, in places the Report makes comparisons between Atira and other providers. In other places, the Report focuses on Atira without engaging in a similar comparative analysis.

For example, the Report compares Atira's funding from BC Housing to that received by other providers [see the discussion with respect to page 5 of the Report above].

Also, page 14 of the Report analyzes the per-unit per-month subsidies ("PUPM") received by Atira compared to the PUPM received by other providers. With respect to Atira's PUPM, we note the additional context:

- There is no explanation why EY arbitrarily chose to "set a threshold of \$3,500" for PUPM.
- In calculating Atira's PUPM, it is unclear whether EY considered the fact that Atira operates a higher number of buildings leased from private parties than other providers, as well as a higher number of older and/or minimally renovated buildings which tend to have higher operating costs. These factors increase Atira's PUPM.
- Many Atira tenants residing in buildings Atira commenced operating during COVID-19 are the result of decampments and refuse to/do not pay rent.

[End of Revision] [Rest of the contents under this heading should remain the same]

The Report also does not compare the purported surplus funds received from BC Housing by other providers [see the discussion with respect to page 13 of the Report above].

Page 5 of the Report states that "[g]iven Atira's economic dependence on BC Housing, its continued financial viability could be threatened by significant changes to the level of funding provided by BC Housing."

It would be just as sensible to say that given BC Housing's economic dependence on the Provincial Government, its continued financial viability could be threatened by significant changes to the level of funding provided by the Government, or that given the Provincial Government's economic dependence on BC taxpayers, its continued financial viability could be threatened by significant changes to the level of funding provided by the BC taxpayers.

The Report also does not contain any analysis concerning the dependence of other providers on BC Housing or other government funders. We do not have access to the financial statements of those providers. To illustrate that Atira is not uniquely dependent on government funding, we provide extracts from the financial statements [attached as Schedules "N", "O", "P", "Q" and "R"] of other nonprofits as follows:

1. Wish Drop-In Centre Society (FY 2021)

3. Economic Dependence

The Society's major sources of revenue are derived from various government Ministries and Agencies and entities including British Columbia Housing Management Commission, the Ministry of Justice, Public Safety Canada and the City of Vancouver. Therefore, its ability to continue viable operations is

dependent upon maintaining its government funding.

(Page 13)

2. First Nations Emergency Services Society of B.C. (FY 2020)

10) Economic Dependence:

The Society is economically dependent upon continued funding from Indigenous Services Canada, the Union of B.C. Municipalities, and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development, who provided over 96% (2019 – 91%) of funding received in the current year.

(Page 13)

3. Elizabeth Fry Society of Greater Vancouver (FY 2021)

20. Government Funding and Economic Dependence:

EFry's ongoing operations depend on the renewal of annual funding agreements with various government agencies.

(Page 21)

4. Victoria Sexual Assault Centre Society (FY 2014)

10. Economic Dependence:

The Society receives a substantial amount of funding from government sources and is dependent upon this funding to maintain operations at current service levels. The Stopping the Violence and Victim Services contracts with the Province of British Columbia account for 45% (2013: 42%) of the Society's revenues. These contracts have both been renewed for the 2014 fiscal year.

(Page 14)

5. Richmond Family Place Society (FY 2018)

10. Economic Dependence:

The Society is economically dependent on government funding and independent grants, which represent 91.2% (2017 – 89.6%) of the total revenue.

(Page 12)

The Report alleges (at page 5) that “Atira was direct-awarded contracts without transparent, competitive processes designed to ensure the proper use of public funds”, but does not consider whether any other providers also received direct awards.

We note the following examples of direct awards by BC Housing to other providers:

Chinatown Foundation

- 58 West Hastings (this is probably the largest direct award ever for housing)
- May Wah Hotel (see: <https://www.cbc.ca/news/canada/british-columbia/seniors-can-stay-historic-may-wah-hotel-sold-to-chinatown-foundation-1.4030948>)

Community Builders Group

- 1580, 1582 Vernon Drive, Vancouver (modular housing)
- 3598 Copley Street, Vancouver (modular housing)
- 7430 and 7460 Heather St., Vancouver (modular housing)

PHS Community Services Society

- 265 West 1st Avenue, Vancouver (modular housing)
- 2132 Ash Street, Vancouver (modular housing)
- 23-51 Cordova Street, Vancouver (modular housing)
- 1131 Franklin St., Vancouver,

Raincity Housing Society

- Alderbridge Modular Housing, Richmond
- Yale Modular Housing, Chilliwack
- Trethewey Modular Housing, Chilliwack
- High Tide Modular Housing, Sechelt
- Jubilee Rooms, Vancouver

Luma Native Housing

- Ramada Hotel, 435 West Pender Street, Vancouver
- 875 Terminal Avenue shelter, Vancouver
- 5077 and 5095 Heather Street, Vancouver

Victoria Cool Aid Society

- Comfort Inn (now the Tower at Muncey Place)

Coast Mental Health

- Temporary modular housing project in Maple Ridge
- Little Mountain Temporary Modular Housing, 137 East 37th Avenue, Vancouver

SUCCESS

- 333 East Pender St.. Vancouver (see: <https://vancouver.sun.com/news/b-c->)

[government-buys-chinatown-seniors-home-at-333-east-pender-to-prevent-evictions\)](#)

- Orange Hall. 341 Gore Avenue, Vancouver

Lookout Emergency Aid Society

- Was awarded several properties (10662 King George Blvd., 13550 105 Ave. and 13425 107A Ave., Surrey) in response to the 135A Street, Surrey decampment

With respect to the rationale for direct awards, in our experience BC Housing commonly makes direct awards when responding to matters of urgency such as decampments and circumstances caused by the housing crisis. BC Housing also made direct awards to address urgent housing needs caused by the Covid-19 pandemic.

Page 19 of the Report expresses concern that BC Housing may be making funding decisions regarding Atira without complete financial information as follows:

“BC Housing’s annual financial review process has faced delays, leading to long periods of time wherein BC Housing does not have a clear picture of whether Atira is being over or underfunds and by how much. We observed that BC Housing has continued to advance funding to Atira prior to the completion of an annual financial review. In doing so, BC Housing is making funding decisions without have the information a completed financial review provides.”

The Report does not state whether similar circumstances exist between BC Housing and other providers and does not state whether conducted any investigation into the matter other than to admit (at page 20) that it did not perform “a detailed assessment of these concerns for other Providers.”

In summary, Atira and Janice Abbott respectfully submit that the Report contains serious errors of fact and reflects a clear bias against Atira and Ms. Abbott. It is not fit for release to the public in its current form.

Sincerely,

McConchie Law Corporation

By:

Alan McConchie Law Corporation
Per Alan McConchie
Barrister and Solicitor

RAM/cvw

Enclosures: as stipulated