

**BC Housing**

**2017/18 – 2019/20  
SERVICE PLAN**

September 2017



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## **Board Chair Accountability Statement**

The 2017/18 – 2019/20 BC Housing Service Plan was prepared under the Board of Commissioners' direction in accordance with the [\*Budget Transparency and Accountability Act\*](#) and BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan.

The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events, and identified risks, as of August 24, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BC Housing's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BC Housing's operating environment, forecast conditions, risk assessment and past performance.

Signature



Cassie J. Doyle  
Board Chair

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## Strategic Direction and Operating Environment

### Strategic Direction

This Service Plan describes BC Housing’s goals for the 2017/18 to 2019/20 period, which are aligned with and support the provincial government’s three key commitments to British Columbians to make life more affordable, to deliver the services that people count on, and to build a strong, sustainable, innovative economy that works for everyone. This Service Plan also aligns with and supports the 2017/18 Mandate Letter from the Minister of Municipal Affairs and Housing. BC Housing supports the direction of the 2017/18 Mandate Letter from the Premier to the Ministry of Municipal Affairs and Housing. Ministry and governments commitments in the Mandate Letter include: making life more affordable, delivering services that people count on, and building a strong, sustainable, innovative economy that works for everyone. The Mandate Letter specifically directs BC Housing to work with the Ministry of Municipal Affairs and Housing to (excerpts):

- Partner with local governments, the federal government, and the private and not-for-profit sectors, to begin work that supports the building of 114,000 units of affordable market rental, non-profit, co-op, supported social housing and owner-purchase housing;
- Help develop a homelessness action plan to reduce the homeless population through permanent housing and services. As part of the plan, assist where appropriate in helping to conduct a province-wide homelessness count; and
- Support the development and implementation of a plan to create new student housing at universities and colleges.

Initiatives to support these commitments are ongoing and will continue to *Budget 2018*.

True to this Service Plan’s Goal 3 (Enhance Indigenous Partnerships), BC Housing works to ensure that the United Nations Declaration on the Rights of Indigenous Peoples and the Calls to Action of the Truth and Reconciliation Commission are incorporated as appropriate into our operations and business practices.

In 2017/18, BC Housing will implement the Service Plan by investing in capital projects including more than 1,700 new affordable and low-end of market rental units and the first 1,000 modular units of supportive housing.

More information about BC Housing, including our corporate governance and an organizational overview, can be found in Appendix A: Hyperlinks to Additional Information.

### Operating Environment

In terms of our internal operating environment, we will continue to seek improvements in our service delivery, including working with the Ministry of Municipal Affairs and Housing on a strategic review. This review will likely lead to changes to our goals, objectives, strategies and performance measures for the next service plan that will be released with *Budget 2018*.

Our People Strategy continues to support strong employee engagement, retention and recruitment, and helps to build learning and leadership capacity across business areas to help us deliver on our mandate. This will be particularly important in light of new staffing requirements related to the new provincial housing affordability programs covering the full breadth of the housing continuum, to be delivered over the next three years.

Factors in the external operating environment that may impact performance include: anticipated increased federal government involvement in housing and alignment of new federal initiatives with provincial priorities; continued affordability and supply issues in the ownership and rental housing markets; the potential for higher interest rates and the effect of this on our programs and subsidies and overall housing market; aging of the social housing stock that places increased pressure on funding for capital repairs and renewals; the continued impact of the Tsilhqot'in Aboriginal Title Case (William Case) decision with respect to properties owned by the Provincial Rental Housing Corporation; and, the possible erosion of affordability in some social housing projects resulting from the expiry of operating agreements. New initiatives, protocols and adaptations to programs and business practices are planned or in place to address these risks and opportunities.

## **Performance Plan**

### **Goals, Objectives, Strategies, and Performance Measures**

**Each year the performance plan is reviewed for continued relevance, desired impact and alignment with provincial policy and direction. This Service Plan reflects updates as a result of new government direction as of September 2017.**

#### **Goal 1: Support the Building of Affordable Social and Market Housing**

BC Housing responds to needs along the housing continuum by expanding the range of housing choices and supports for British Columbians through collaboration with our non-profit, community, government and private sector partners. In 2017/18 we will begin implementing the Mandate Letter and working on the provincial government's commitment to increase housing supply, create new student housing and address homelessness. We will also continue to deliver a range of programs to support people across the housing continuum: emergency shelter and housing for the homeless, transitional supportive and assisted living, independent social housing, rent assistance in the private market, support for first time homebuyers and consumer protections for buyers of new homes. Our programs also support housing accessibility for people with disabilities and housing and services for victims of domestic violence.

In this Service Plan the goal to support the building of affordable social and market housing was reworded and moved up to goal 1 to reflect the significance of this priority in the Mandate Letter. Also the previous measure and targets related to the "Number of First Time Homebuyers Assisted through the BC HOME Partnership program" was not included in this Service Plan as this program is under review.

## Objective 1.1: Increase housing options

### Strategies

1. Work with the Ministry of Municipal Affairs and Housing to:
  - Partner with local governments, the federal government, and the private and non-profit sectors to begin work that supports the building of 114,000 units of affordable market rental, non-profit, co-op, supported social housing and owner-purchased housing;
  - Develop a homelessness action plan; and
  - Develop a plan to create new student housing at universities and colleges.
2. Continue to implement programs to break the cycle of homelessness including the [Emergency Shelter, Homeless Outreach and the Homeless Prevention](#) programs.
3. Provide financial assistance to low-income seniors and working families in the private market through [Shelter Aid for Elderly Renters and Rental Assistance](#) programs.
4. Support women (with or without dependent children) who have experienced violence or are at risk of experiencing violence through the [Transition Houses, Safe Homes and Second Stage Housing](#) programs.
5. Support first time homebuyers and work with partnering ministries to review the [BC Home Owner Mortgage and Equity \(HOME\) Partnership](#) program.
6. Improve the physical accessibility of homes for low-income seniors and persons with disabilities through the [Home Adaptations for Independence](#) program.

### Performance Measure 1.1: Number of new units/beds created for priority groups

Performance Measure	2015/16 Actual	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Number of new units/beds created for priority groups	1,764	2,004	3,421	4,263	TBD

### Discussion

This measure describes our performance in creating new units for low and moderate income individuals and families, including seniors, youth, Indigenous households, people with physical and mental disabilities, as well as homeless individuals.

Targets are based on the completion of new units being created under existing development programs and take into account planned program funding levels and new initiatives, including the delivery of modular units of supportive housing. The targets reflect units to be created through provincial commitments supporting the acquisition and construction of affordable housing projects.

This measure will be reviewed for the next Service Plan in the light of the new government direction set out in the Mandate Letter and BC Housing’s contribution to support the building of 114,000 units of affordable market rental, non-profit, co-op, supported social housing and owner-purchase housing over ten years.

## **Objective 1.2: Promote consumer protections and compliance with the *Homeowner Protection Act***

### **Strategies**

1. Administer [consumer protection measures](#) for buyers of new homes through an enhanced builder licensing system.
2. Improve online services to support clients and partners more effectively.

### **Performance Measure 1.2: Builders’ rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance**

<b>Performance Measure</b>	<b>2015/16 Actual</b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>	<b>2019/20 Target</b>
Builders’ rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance	84%	85%	80% or higher	80% or higher	80% or higher

### **Discussion**

This is a measure of the overall health of the builder licensing, home warranty insurance and owner-builder authorization system, whereby compliance issues are dealt with quickly and effectively by the Licensing and Consumer Services branch (formerly known as the Homeowner Protection Office branch). Assessment of performance is best done by industry participants (licensed residential builders) that operate their businesses within the regulatory framework. Targets are based on past trends, recognition that reducing instances of non-compliance continues to be seen as an area for business improvement, and strategic initiatives underway to enhance compliance efforts each year over the three-year service planning period.

## **Goal 2: Support a Strong Non-Profit Housing Sector**

BC Housing supports a strong non-profit housing sector through relationship-building, collaboration and capacity-building initiatives in partnership with housing providers, the BC Non-Profit Housing Association and other organizations involved in the non-profit housing sector. We share a common purpose with non-profit housing providers to provide stable, safe and affordable housing. Together we work toward ensuring the sustainability of the sector and provision of social housing over the long-term. We will also continue to work with the sector to address the provincial government’s commitment to make life more affordable and begin work to support the building of more affordable housing.



## **Objective 2.1: Collaborate with our non-profit housing partners to ensure long-term provision of social housing**

### **Strategies**

1. Complete transferring Provincial Rental Housing Corporation (PRHC) properties to non-profit housing providers in 2017/18, including PRHC-leased land in social housing projects and select public housing stock where appropriate through the Non-Profit Asset Transfer program.
2. Work with the BC Non-Profit Housing Association to:
  - a. Initiate education and training sessions on various topics for housing providers.
  - b. Assist housing providers to prepare for the expiry of operating agreements.
3. Identify opportunities within BC Housing's operational review process to help housing providers improve financial, operating and governance practices to ensure housing providers have the tools needed to deliver on BC Housing's objectives and government's priorities.
4. Reform existing social housing operating agreements and programs to provide greater flexibilities and tools for non-profit housing providers to support long-term sustainability.

### **Performance Measure 2.1: Non-Profit Housing Provider Financial Reviews**

<b>Performance Measure</b>	<b>2015/16 Actual</b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>	<b>2019/20 Target</b>
Per centage of non-profit housing provider financial reviews carried out by BC Housing within five months from date of submission.	n/a	52%	55%	60%	65%

### **Discussion**

BC Housing is developing a new performance measure for this goal to better capture and reflect the overall strength of the non-profit housing sector in British Columbia. This work, which will be carried out over the next year, involves collaborating with BC Non-Profit Housing Association to identify criteria for defining a strong sector, e.g., governance, partnerships, innovation, organizational and financial capacity, and engaging with non-profits on how to best measure performance against the criteria. From this data, an index or metric would be developed to report out on the strength of the sector as a whole. This collaborative work will take place during 2017/18 with baseline data and targets anticipated to be available for the 2018/19 Service Plan.

For the purposes of the 2017/18 Service Plan an interim performance measure has been developed that focuses on the completion of the financial reviews of non-profit housing providers by BC Housing. The interim measure reflects BC Housing's commitment to streamline and prioritize our financial and operational review practices by ensuring that we complete housing provider financial reviews within five months from the date of submission of financial documents to BC Housing. A timely financial review process enables housing providers to know with accuracy what their budget will be for the year ahead, and helps to avoid situations of subsidy overpayments or underpayments

which must be later addressed. Targets demonstrate improvement over the current baseline level of 52 per cent of financial reviews carried out within five months.

## **Objective 2.2: Adequate provisions for future requirements for the social housing stock**

### **Strategies**

1. Provide funding for the maintenance and rehabilitation of existing social housing.

### **Performance Measure 2.2: Facility Condition Index**

<b>Performance Measure</b>	<b>2015/16 Actual</b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>	<b>2019/20 Target</b>
Facility Condition Index*	9% **	18%	17% to 22%	17% to 22%	17% to 22%

\*Data used to calculate the FCI is obtained from condition assessments of building systems, sub-systems and components.

\*\*Note: the 9% result is based on previous methodology that has been revised since 2015/16. Calculations for subsequent years reflect the current methodology, see discussion below.

### **Discussion**

The Facility Condition Index (FCI) is an indication of the condition of a building – a lower per centage corresponds to a better building condition. The FCI calculation is the cost of a building’s renewal and replacement needs divided by its replacement cost, expressed as a per centage. The FCI is used to assist with investment decisions and strategic directions regarding capital planning and rehabilitation budgets for social housing.

The target, set at 17 to 22 per cent over the three-year period, reflects an acceptable service level for buildings and building conditions for tenants. The targets have been increased compared to previous years for a number of reasons. The first is a change in methodology, from ‘point in time’ approach to a ‘multi-year’ approach in line with industry standards. This means that the FCI is calculated using a five- year projected average of the condition of the stock rather than looking at the current year only. For example, the FCI for 2016 is projected to be around 9 per cent using the ‘point in time’ approach, whereas it rises to 18 per cent using the new ‘multi-year’ approach. This approach is now industry standard and supports more effective maintenance and rehabilitation planning.

The future targets also reflect a larger sampling of assessed units, growing to over 60 per cent of the social housing stock by 2019. Planned maintenance and rehabilitation work over the three-year service plan period is also factored into the target, as is available funding each year.

### Goal 3: Enhance Indigenous Partnerships

BC Housing works with our Indigenous housing partners to enhance partnerships and increase self-reliance in the sector to help address the over representation of Indigenous peoples in housing that is not adequate or affordable and within the homeless population. Increasingly we are working with First Nations communities, recognizing the benefit of partnerships to help address housing issues on and off reserves. BC Housing works to ensure that the United Nations Declaration on the Rights of Indigenous Peoples and the Calls to Action of the Truth and Reconciliation Commission are incorporated as appropriate into our operations and business practices.

#### Objective 3.1: Facilitate opportunities that lead to a more self-reliant Indigenous housing sector

##### Strategies

1. Create more housing options for Indigenous peoples by maximizing the number of affordable housing units created for Indigenous peoples through our programs and partnerships.
2. Help improve housing conditions on First Nation reserves through partnerships on asset management, capital planning and homeowner education.
3. Leverage opportunities to promote employment, skills training and business development for Indigenous peoples through the delivery of our programs and business activities.
4. Help build a strong Indigenous housing sector through a range of initiatives including the *Non-Profit Asset Transfer Program*, existing development programs, support to the Aboriginal Housing Management Association, and partnerships for the delivery of education and training to Indigenous housing provider and First Nations.
5. Provide BC Housing staff with opportunities to gain a stronger understanding of the cultural aspects related to Indigenous partnerships and housing.

#### Performance Measure 3.1: Progressive Aboriginal Relations (PAR) Certification

Performance Measure	2015/16 Actual	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Progressive Aboriginal Relations (PAR) Certification*	Gold (re-certification year)	Gold	Gold	Gold (re-certification year)	Gold

\*Data to validate the certification results is generated and held by the Canadian Council for Aboriginal Business. This measure is conducted on a three year cycle. BC Housing began its recertification process in 2015.

##### Discussion

Performance is measured through the Progressive Aboriginal Relations (PAR) Certification, whereby our broad range of initiatives and partnerships with Indigenous organizations are assessed by an independent third-party organization, the Canadian Council for Aboriginal Business. The Canadian

Council for Aboriginal Business assesses our commitment to the Indigenous sector in four areas: employment; business development; community investment; and community engagement. Assessment results are certified at a bronze, silver or gold level, depending on how the organization has demonstrated its performance. BC Housing is the only social housing provider in Canada to be certified under the PAR program.

The certification process occurs every three years, however our work to promote stronger Indigenous partnerships is on-going. BC Housing's current plans, initiatives and collaboration efforts support the goal of continual improvement each year. The Gold certification result demonstrates BC Housing's active and on-going commitment to supporting the Indigenous housing sector and our Indigenous housing partners. The next certification process will occur again in 2018. Benchmarking is conducted on a national level against other Canadian companies participating in the PAR Certification program.

#### **Goal 4: Leadership in Sustainability and Residential Construction**

This goal brings together two areas where we have significant leadership responsibilities. Through the Licensing and Consumer Services branch, we partner with industry and government partners to initiate [technical research and education](#) projects that promote the durability and energy efficiency of new residential construction. Research findings are applicable across both private and social housing sectors; BC Housing plays an important role in ensuring the dissemination of beneficial findings across sectors, for example, improving energy performance of multi-unit buildings and providing building enclosure design guidelines. Our technical research and education activities also support provincial priorities related to building codes and standards, such as the new Energy Step Code.

As well, through the [livegreen Housing Sustainability Plan](#), we encourage and take a leadership role in promoting sustainability and play an important role in supporting the province's Climate Leadership Plan. Sustainability is promoted within our programs and services and within the broader housing sector. As demonstrated in our [Carbon Neutral Action Report](#), we have made progress in reducing our greenhouse gas emissions and our organizational environment footprint.

#### **Objective 4.1: Environmental leadership in the housing sector**

##### **Strategies**

1. Promote energy efficiency and sustainability in the housing created through our programs.
2. Initiate climate change adaptation research and planning with respect to social housing and residential construction.
3. Initiate technical projects in partnership with industry and government related to the quality and sustainability of residential construction.
4. Implement our *livegreen* Housing Sustainability Plan with a concentration on:
  - a. Integration of financial, social and environmental considerations in decision-making
  - b. Innovation in the design, construction and management of housing
  - c. As a change agent, guiding and supporting others in taking actions towards sustainability.

**Performance Measure 4.1: Per cent Reduction in Greenhouse Gas Emissions from 2005 levels**

<b>Performance Measure</b>	<b>2015/16 Actual</b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>	<b>2019/20 Target</b>
Per cent Reduction in GHG Emissions from 2005 levels*	Reduction of 33%	Reduction of 31%	Reduction of 20% to 25%	Reduction of 20% to 25%	Reduction of 20% to 30%

\*This measure is based on data provided directly from utility companies and compiled by an external consultant. In accordance with legislative requirements, the targets and results are based on a calendar year, e.g., results for 2016 are reported in the 2016/17 Annual Report.

**Discussion**

This measure tracks our progress in reducing Greenhouse Gas (GHG) emissions and maintaining a carbon neutral status as required by the [Greenhouse Gas Reductions Target Act](#). It includes emissions from the entire housing portfolio of buildings owned or leased by the Provincial Rental Housing Corporation, and is aligned with provincial reporting requirements.

Targets are set to achieve a 20 per cent or more reduction in GHG emissions from the 2005 level. The baseline, which was calculated across the housing portfolio in 2005, has been maintained to compare our reductions. Targets take into account anticipated changes to the housing portfolio. Targets, each of which is a comparison to the 2005 level, i.e., not cumulative, take into account anticipated changes to the housing portfolio over the service planning period.

## Financial Plan

### Summary Financial Outlook BC Housing

(\$000)	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
<b>Revenue</b>				
Provincial Share *	1,025,666	652,818	836,512	748,157
Federal Share	255,425	233,501	140,446	97,044
Other **	61,783	48,672	48,007	49,574
<b>Total Revenue</b>	<b>1,342,874</b>	<b>934,991</b>	<b>1,024,965</b>	<b>894,775</b>
<b>Expenses</b>				
Housing Subsidies	888,223	668,352	750,211	613,095
Rental Assistance	114,351	124,313	130,225	135,225
Salaries and Labour	54,124	59,297	60,483	62,518
Operating Expenses	22,028	21,357	21,593	21,593
Building Maintenance	17,425	13,970	13,335	13,335
Office and Overhead	11,274	11,461	11,288	11,126
Building Modernization and Improvement	10,257	10,849	12,158	12,158
Building Mortgage Costs	8,525	8,499	8,405	8,049
Utilities	8,412	8,408	8,601	8,820
Grants in lieu of Property Taxes	7,532	7,099	7,280	7,470
Research and Education	1,549	1,336	1,336	1,336
Interest Expense	276	50	50	50
<b>Total Expenses</b>	<b>1,143,976</b>	<b>934,991</b>	<b>1,024,965</b>	<b>894,775</b>
<b>Net Income from Operations</b>	<b>198,898</b>	-	-	-
<b>Total Debt</b>	<b>5,000</b>	<b>43,285</b>	<b>162,086</b>	<b>260,634</b>
<b>Accumulated Surplus /Retained Earnings</b>	<b>198,075</b>	<b>198,075</b>	<b>198,075</b>	<b>198,075</b>
<b>Total Capital Expenditures</b>	<b>5,742</b>	<b>5,000</b>	<b>4,000</b>	<b>3,000</b>

\* 2017/18 includes funding of \$582.6 million provided directly by the provincial government to BC Housing, \$39.6 million from the *Housing Priority Initiatives Special Account*, \$12.9 million from the *Housing Endowment Fund*, and \$17.7 million from other partnering ministries/agencies.

\*\* This includes tenant rent and revenues from other sources including builder licensing fees.

The Summary Financial Outlook chart on the previous page shows BC Housing's actual and forecasted financial outlook from 2016/17 through to 2019/20. In 2017/18, BC Housing's total revenue is forecasted to be \$935.0 million.

## **Revenues**

Over 90 per cent of BC Housing's revenues are contributions received from the provincial and federal governments.

### ***Provincial Contributions***

In 2017/18, BC Housing is forecasting to receive total provincial contributions of \$652.8 million.

Provincial contributions that fund operating and support costs are forecasted to be \$479.6 million in 2017/18. This contribution will provide funding for a variety of housing initiatives and programs such as the *Provincial Housing Initiative*, *Independent Living BC*, *Women's Transition Housing and Supports*, the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program*, the *Emergency Shelter Program*, the *Memoranda of Understanding* with local governments, the *SRO Renewal Initiative* and the *Non-Profit Asset Transfer (NPAT)* program. Also, included in this amount is funding from the *Housing Priority Initiatives Special Account* which will be used for the *Investment in Housing Innovation* program and the *BC Home Owner Mortgage and Equity (HOME) Partnership* program. Funding from the *Housing Priority Initiatives Special Account* will also be used for the acquisition and renovation of buildings to house people who are homeless or at risk of homelessness, and for people with mental health and substance use issues. The *Housing Priority Initiatives Special Account* will also provide support costs for a new supportive housing initiative consisting of modular units.

In 2017/18, provincial funding totalling \$173.2 million will be invested in capital projects including more than 1,700 new affordable and low-end of market rental units and the first 1,000 modular units of supportive housing as part of the initial step in contributing to the province's ten year plan to build 114,000 new units of affordable housing in British Columbia. This funding will also address the maintenance and renovation requirements of the provincially-owned social housing stock.

### ***Federal Contributions***

In 2017/18, BC Housing is forecasting to record federal contributions of \$233.5 million. Federal contributions will reduce to \$97.0 million in 2019/20 due to the expiration of operating agreements for projects under older federally funded programs as well as the completion of the *Canada/BC Investment in Affordable Housing* agreement extension which provides \$150.1 million from 2014/15 through 2018/19 and the *Social Infrastructure Fund* agreement which provides \$150 million over two years commencing in 2016/17 and ending in 2017/18.

### ***Other Contributions***

The remaining revenues are from tenant rent and other sources including builder licensing fees. The Licensing and Consumer Services Branch of BC Housing (formerly the Homeowner Protection

Office), is fully self-supported from the collection of builder licensing fees that are anticipated to generate approximately \$6 million in revenue annually. This revenue will fund costs associated with the licensing and home warranty insurance system, as well as research and education in residential construction and consumer protection.

## **Expenditures**

BC Housing's expenditures are largely comprised of housing subsidies, rental assistance, administration costs, operational costs and building maintenance costs.

Housing subsidies are the majority of BC Housing's expenditures, accounting for 71 per cent of the total expenses. These are ongoing subsidies provided to non-profit societies as well as one-time capital grants for new construction or renovation of subsidized housing.

Rental Assistance is expected to increase in future years as newly built projects under the *Community Partnership Initiatives* become active and qualified tenants apply for *Shelter Aid for Elderly Renters (SAFER)* and *Rental Assistance Program*. As operating agreements expire on non-profit managed buildings, societies may need to increase monthly rents in order to meet operational needs. In this case, qualified tenants will apply for *SAFER* and *Rental Assistance Program* to assist in paying the higher rent charges.

Administration costs is made up of salaries and labour paid to BC Housing employees, office and overhead costs incurred in administrating the housing portfolio, as well as research and education. These costs are expected to increase as additional staff are required to deliver projects under initiatives including the *Provincial Investment in Affordable Housing* program (\$355 million), the *Social Infrastructure Fund* agreement (\$150 million), and the *Investment in Housing Innovation* program (\$500 million) and also for the administration of the *BC HOME Partnership* program.

Operational costs which include operating expenses, building mortgage costs, utilities, and grants in lieu of property taxes, are expected to decrease from 2016/17 to 2017/18 as three BC Housing managed buildings are transferred to non-profit housing providers as part of the *Non-Profit Asset Transfer* program.

Building maintenance and building modernization and improvement costs are expected to remain constant at approximately \$25 million annually. 2016/17 saw higher building maintenance costs as one-time projects which started in 2015/16 were completed.

## **Key Forecast Assumptions, Risks and Sensitivities**

The following assumptions have been used in the forecast:

- Provincial and federal contributions match existing approvals;
- Interest rates for mortgage takeouts and renewals are based on provincial Treasury Board forecasts;
- Construction activity for new builds and renovations will match planned schedules; and
- Rental assistance take-up is expected to increase.



Risks and sensitivities considered include future rate increases in electricity, natural gas, water and sewer and property taxes. Various measures, such as building energy retrofits and the bulk purchase of natural gas have been implemented to offset this impact. Mortgage renewals with longer terms are in place to offset the risk of raising interest rates.

## Provincial Rental Housing Corporation

The Net Income projected for the Provincial Rental Housing Corporation (PRHC) is primarily the result of gain on sales generated from the transfer of land and buildings to non-profit housing providers under the *Non-Profit Asset Transfer* program. The proceeds from these transfers will be reinvested into social housing through BC Housing.

### Summary Financial Outlook

(\$000)	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
<b>Net Income</b>	<b>295,959</b>	<b>34,574</b>	<b>1,083</b>	<b>858</b>

## Management Perspective on the Financial Outlook

New investment continues to be made into affordable social and market housing. More new housing will be developed as BC Housing partners with local governments, the federal government and the private and not-for-profit sectors to build 114,000 units of affordable market rental, non-profit, co-op, supported social housing and owner-purchase housing over the next ten years. PRHC continues to invest the proceeds from properties transferred under the *NPAT* program into housing programs including the *Provincial Investment in Affordable Housing* program which will commit \$355 million from 2016/17 through 2020/21 to create more than 2,000 affordable rental housing units in British Columbia. The *Investment in Housing Innovation* program funded from the *Housing Priority Initiatives Special Account* will create an additional 2,900 units of affordable rental housing. The *Social Infrastructure Fund* provides \$150 million in federal funding over 2016/17 and 2017/18 for new construction as well as renovations and retrofits to existing social housing.

In 2017/18 BC Housing will deliver the final year of the four-year *Non-Profit Asset Transfer (NPAT)* program which transfers ownership of select PRHC properties under long-term lease to the non-profit housing operators who already operate the social housing on site. There will be no change to the ongoing operations of the buildings. BC Housing will provide the societies with additional assistance to manage payment on the mortgages required to finance the land transfers.

BC Housing will continue to deliver a range of client-centered programs and services through strong partnerships across British Columbia. Future ongoing operating and support subsidies to non-profit housing providers remain relatively stable. Subsidy reductions due to the expiration of operating agreements are partially offset by increased subsidies as annual service payments commence upon completion of the *SRO Renewal Initiative*, mortgage subsidy is provided under the *NPAT* program and

additional shelter spaces are made available as a result of increased homelessness throughout the province.

Ownership of the Riverview Lands transferred to PRHC in February 2015. Working with multiple partners, BC Housing will continue guiding the long-range planning for the Lands.

## **Appendix A: Hyperlinks to Additional Information**

### **Corporate Governance**

BC Housing has a Board of Commissioners that is responsible for [corporate governance](#), and an [organizational structure](#) with six [branches](#).

### **Organizational Overview**

The British Columbia Housing Management Commission ([BC Housing](#)) was created in 1967 to deliver on the provincial government's commitment to the development, management and administration of subsidized housing throughout the province. Through the Licensing and Consumer Services Branch, BC Housing also has responsibilities related to licensing of residential builders, home warranty insurance, and research and education to improve the quality of residential construction and consumer protection.

Our mission statement is: *making a positive difference in people's lives and communities through safe, affordable and quality housing*. In 2017/18 we will assist approximately 106,300 households in nearly 290 communities across the province through a range of programs, initiatives and partnerships. Our partnerships include operating agreements with non-profit providers, memoranda of understanding with local governments and community organizations, as well as collaborations with the housing sector, including Indigenous housing partners, and industry associations. Assistance ranges from emergency shelter and homeless outreach, transition houses, safe homes and second stage housing, independent and supportive social housing, rent assistance in the private market and home adaptations for seniors and persons with disabilities. Through BC Housing's Licensing and Consumer Services Branch about 7,200 builders will be licensed and approximately 24,200 new homes will be enrolled in home warranty insurance. Additional information on our renewed mission, vision and values can be found on our [website](#).