



BC Housing

SERVICE PLAN
2008/09 – 2010/11

HOUSING MATTERS

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Joint Message from the Chair and Chief Executive Officer

The year ahead for BC Housing will be one that builds on the significant initiatives and new directions that have been put into place. In 2008/09 we will provide affordable, safe, quality housing to 90,000 of B.C.'s households in most need.

Over the past year, BC Housing has implemented new and expanded measures that will help break the cycle of homelessness. Expanding outreach and intervention on the street and setting the stage for faster delivery of additional, affordable and supportive housing will provide people with a more stable base to improve their lives. Additional outreach resources complement the Emergency Shelter Program, which has been enhanced by converting seasonal beds to year-round shelter. Together these initiatives will help to create an integrated and comprehensive system of housing and support. Recognizing the significance of this issue across the province, we are introducing a new performance measurement tool into this Service Plan that will help gauge how well we are meeting the goal of improving access to housing and social support services for individuals who are homeless.

These new and expanded measures to address homelessness are an achievement of the provincial housing strategy, *Housing Matters BC*. The strategy sets the stage for our programs and initiatives that address low-income individuals and families who have special housing and support needs, Aboriginal people living off-reserve who are in housing need, and low-income households that do not have enough income to pay rent in the private market.

Finding affordable and appropriate housing can be difficult in British Columbia. In both our small towns and large cities, we continue to see record levels of homeless people in shelters, growing numbers of seniors who require supportive and assisted living and increases in the number of low-income families who are experiencing difficulties finding quality housing that they can afford.

This is why, in this three-year plan we have set challenging targets to build 2,657 new homes by 2010/11, provide financial rent assistance to an additional 8,100 low-income seniors and families living in the private market and support the long-term maintenance of social housing. To meet these targets we build on existing programs that have proven successful and develop new approaches. This plan also sets out our approach for working across Government, with local and partner agencies.

We are pursuing opportunities arising from the Canada-B.C. Social Housing Agreement, through which we can harmonize various social housing programs and reduce the administrative burden for housing providers. The Agreement also provides opportunities to look at the redevelopment of existing housing complexes. This year we commenced our first multi-year redevelopment process at Little Mountain in Vancouver.

The next few years will see more attention on such redevelopment projects. As our portfolio ages, maintenance and improve-

ment programs are required to ensure that this housing will meet the future needs of our tenants.

While risks that could influence our ability to meet our goals cannot be eliminated, BC Housing has specific risk management processes to minimize or mitigate them. For example, market influences such as material costs, availability of skilled labour and insurance costs have caused construction prices to rise steadily. BC Housing has continued to seek cost-effective solutions by bundling similar projects and pursuing alternative construction forms, including modular housing.

As part of the provincial government's commitment to take action on climate change, a major focus of 2008/09 and onwards will be on BC Housing's continued contribution to reducing green house gas emissions. A pilot program which saw energy efficient features added to 49 social housing buildings across B.C. has recently been expanded to 90 more developments. Additional initiatives will be introduced in the coming year to address this critical environmental issue. A new performance measure has been introduced into this Service Plan to track our progress in meeting provincial greenhouse gas emission targets for crown corporations.

BC Housing's 2008/09 to 2010/2011 Service Plan was prepared in accordance with the *Budget Transparency and Accountability Act*. We are accountable for

the contents of the plan, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and overall strategic plan. All significant assumptions, policy decisions and identified risks as of February 2008 have been considered in preparing this plan.

The performance targets in this plan have been determined based on an assessment of BC Housing's operating environment, forecast conditions, risk assessment and past performance. We are accountable for ensuring that BC Housing achieves the specific objectives identified in the plan and for measuring and reporting actual performance. Any significant limitations in the reliability of the data are identified in the plan.

We recognize that progress made towards achieving the goals contained in this Service Plan comes about as a result of working closely with our partners to build the best system of housing and support in Canada for those in greatest need.



Brenda Eaton
Chair



Shayne Ramsay
Chief Executive Officer



Our Business Direction

Housing Matters BC, a housing strategy for British Columbia launched in October 2006, provides the framework for the evolution of the affordable housing sector.

The goals outlined in *Housing Matters BC* are client focused. BC Housing is the lead government agency ensuring that the first four of the six provincial goals (see box at right) are met through a variety of programs and partnerships.

We are ensuring that we develop new units at the supportive end of the housing continuum in order to promote individuals' stability, self-reliance and independence. In building the next generation of social housing with our non-profit, government and private partners, we employ smart and efficient designs that encourage healthy communities and that minimize the impact on the environment. Our partnership programs include:

- **The Provincial Homelessness Initiative (PHI)** – an initiative emerging from the Premier's Task Force on Homelessness, Mental Illness and Addictions that works with community partners to put into place transitional and supportive housing solutions for individuals who are homeless or at risk of becoming homeless;
- **The Aboriginal Housing Initiative (AHI)** – an off-reserve housing program that will create 292 units of housing specifically for Aboriginal people, using funding from the federal Aboriginal Affordable Housing Trust;
- **Independent Living BC (ILBC)** – a housing-for-health partnership program designed to meet the needs of seniors and people with disabilities who require some personal assistance, but do not need 24-hour care;

- **Seniors' Supportive Housing (SSH)** – a program to upgrade or convert 750 social housing units to supportive housing, primarily for low-income seniors who need some assistance in order to continue to live independently;
- **Community Partnership Initiatives (CPI)** – a program to create additional housing without the need for ongoing operating subsidies through the provision of one-time grants, access to consulting services, project development funding and construction and mortgage financing; and
- **The Housing Endowment Fund (HEF)** – a program that will provide funding for innovative housing projects, including affordable, social or supportive housing, as well as housing development and management.

A significant focus of the housing strategy is to break the cycle of homelessness. By expanding outreach and intervention on the street, more homeless individuals can be connected with housing and support services. Furthermore, by integrating support services with housing, people can move beyond temporary shelter to more secure housing, gaining greater self-reliance and achieving appropriate employment. In 2007, the Province purchased 15 buildings in Vancouver, Burnaby and Victoria under PHI to protect affordable housing that was at risk of being privately redeveloped and lost to the affordable housing sector. These are currently being renovated and upgraded and most will provide supportive housing for those at risk of homelessness.

As part of this strategy to break the cycle of homelessness, the Province has committed to:

- Increasing funding for emergency shelters so they can be open 24 hours a

day/seven days a week to provide better services and assistance for those who are homeless;

- Expanding homeless outreach services to more communities to connect homeless people to housing and support services, including a new Aboriginal component;
- Providing more than 1,000 rent supplement units to assist the homeless in the private market; and
- Funding pre-development costs to ensure city-owned sites will be ready for the start of construction of new supportive housing within a year.

Affordable housing options are also being created in the private market through the use of rent assistance. Many low-income families, seniors and singles do not have enough income to pay rent in the private market – there is a gap between their rent and what they can afford to pay. Portable housing allowances that can be used in the private rental market are an effective way to assist these low-income households. An existing housing allowance program, the Shelter Aid for Elderly Renters (SAFER) program, has successfully assisted many low-income seniors for over 25 years. In 2006, the Province created a new housing allowance program for families, the Rental Assistance Program (RAP). These programs allow us to provide greater housing choice and assistance to bridge the affordability gap in the private rental market.

All British Columbians – tenants, Aboriginal, housing partners, other levels of government and our employees – will play a role in shaping affordable housing in the future. Working together, we will continue to create housing solutions for healthier futures.

Housing Matters BC sets out six goals for better meeting the housing needs of British Columbians. The information below provides an overview of how BC Housing is involved in goals one through four:

1

The homeless have access to stable housing with integrated support services

- Additional units are being created under the Provincial Homelessness Initiative by building new units and protecting the existing rental stock through the purchase of single room occupancy buildings and existing rental buildings
- Homeless individuals assisted through the outreach program and rent supplements
- Shelter beds are available 24 hours a day, every day of the year
- Outreach programs will be in place in nearly 40 communities across the province

2

B.C.'s most vulnerable citizens receive priority for assistance

- New supported and assisted living units are being created through the Independent Living BC program
- 750 social housing units are being converted to supportive and assisted living for seniors
- Aging social housing sites are beginning to be redeveloped
- Existing social housing provides affordable homes and, in some cases, support for frail seniors, people at risk of homelessness, people with mental illnesses and physical disabilities, those with drug and alcohol addictions, Aboriginals and youth and families, including women with their children fleeing abusive relationships

3

Aboriginal housing need is addressed

- Aboriginal outreach programs are being developed in some communities to connect Aboriginal individuals who are homeless with the appropriate supports and services
- New homes are being built under the new Aboriginal Housing Initiative
- The administration of Aboriginal housing will be transferred to the Aboriginal Housing Management Association

4

Low-income households have improved access to affordable rental housing

- Low-income seniors living in the private rental market are receiving cash assistance through the Shelter Aid for Elderly Renters program
- Low-income family households are receiving rent assistance in the private market through the new Rental Assistance Program

5

Homeownership is supported as an avenue to self-sufficiency

6

B.C.'s housing and building regulatory system is safe, stable and efficient

Organizational Structure

Our Mandate: The British Columbia Housing Management Commission (BC Housing) was created in 1967 through an Order-in-Council under the *Housing Act* to fulfill the government's commitment to the development, management and administration of subsidized housing.

Our Vision is: Housing solutions for healthier futures.

Governance

Board of Commissioners

BC Housing is responsible to the Minister of Forests and Range and Minister Responsible for Housing through a Board of Commissioners. The government appoints the Board to oversee policy-making for the organization and, in cooperation with senior management, to set the strategic direction. The Board also monitors performance based on the Province's planning and reporting principles. The Board delegates responsibility for the day-to-day leadership and management to the Chief Executive Officer.

The Board incorporates best practices into its governance procedures as guided by the *Best Practice Guidelines on Governance and Disclosure for Public Sector Organizations*. As requested in the guidelines, BC Housing's disclosure is available on the company's website at www.bchousing.org.

Standing Committees of the Board of Commissioners

The following three standing committees support the role of the Board of Commissioners in fulfilling its obligations and oversight responsibilities.

1. Audit and Risk Management Committee

ensures that the audit process, financial reporting, accounting systems, management plans and budgets, and the system of corporate controls and risk management are reliable, efficient and effective.

2. Corporate Governance Committee

ensures that BC Housing develops and implements an effective approach to corporate governance. This enables the business and affairs of the Commission to be carried out, directed and managed with the objective of enhancing value to government and the public.

3. Human Resources Committee

provides a focus on senior management human resource and compensation issues.

Standards of Conduct

The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- Act honestly, in good faith and in the best interests of BC Housing;
- Exercise care, skill and diligence in decision making; and
- Follow ethical standards in order to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

The Standards of Conduct guide the conduct for the board, employees, consultants and contractors and suppliers. The policy is available on BC Housing's website at www.bchousing.org.

Shareholder's Letter of Expectations

A key component of the governance framework is the *Shareholder's Letter of Expectations*. The letter describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The *Shareholder's*

Letter of Expectations ensures a mutual understanding between the shareholder and BC Housing on governance issues, corporate mandate, core services, public policy issues, strategic priorities and performance expectations.

As set out in the *Shareholder's Letter of Expectations*, BC Housing's priority is to fulfill the government's commitment to meeting the housing needs of British Columbians who are most in need.

SHAREHOLDER'S LETTER OF EXPECTATIONS (EXCERPT)

Within the 2007/08 budget confirmed for the Corporation, and the 2008/09 and 2009/10 budget targets and Ministry transfers as set out in the Corporation's 2007/08 to 2009/10 Service Plan, ensure effective planning for, and management and delivery of, housing programs and services by:

- Working in partnership with provincial health authorities, the non-profit and private sectors, local governments and others to deliver the Independent Living BC program;
- Working with other provincial ministries and health authorities to establish long-term housing and support services to respond to the needs of homeless/at risk individuals;
- Integrating the federal social housing portfolio with the provincial social housing portfolio;
- Supporting Aboriginal capacity building in the area of housing and transferring administration of additional housing units to the Aboriginal Housing Management Association;
- Initiating comprehensive re-development plans for appropriate subsidized housing sites to further the objectives of the provincial housing strategy;
- Improving access to, and maximizing the use of, government-owned public housing for those with complex housing and health needs through initiatives such as the Supportive Seniors Housing Program;
- Incorporating environmentally responsible construction and management techniques into developments whenever possible;
- Finding innovative ways to deliver on its mandate and providing support for innovative projects initiated by others; and
- Increasing the number of year-round emergency shelter beds.

Organizational Chart

The following chart highlights BC Housing’s key service areas and the responsibilities and accountabilities in each area. There are 537 full-time-equivalent staff employed across the Commission.



RELATIONSHIP TO THE PROVINCIAL RENTAL HOUSING CORPORATION

The Provincial Rental Housing Corporation (PRHC) was incorporated in 1973 under the *Business Corporations Act* and exists solely as BC Housing’s land-holding company. It holds provincially owned social housing properties, and leases residential

properties to non-profit societies and co-operatives. As of March 31, 2007, PRHC held properties with an original cost of \$560 million.

The Minister Responsible for Housing is the sole shareholder of PRHC. Because of its relationship with BC Housing, PRHC is administered by BC Housing. To ensure

the appropriate governance links between the two entities, senior management of BC Housing serve as PRHC’s Directors. PRHC does not employ any staff.

The Housing System

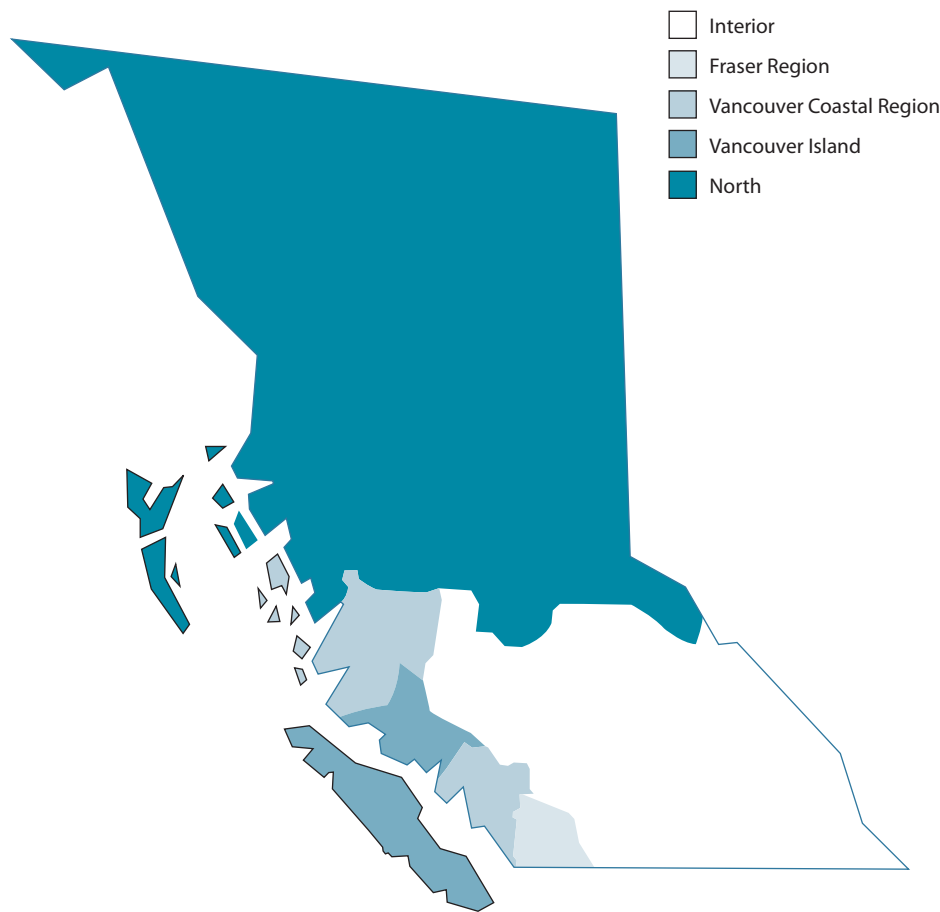
The vast majority of British Columbians are housed successfully in the private housing market, even with the rising cost of home ownership and rent in urban centres. Government's role is to help ensure that the housing market functions effectively, meaning the legislative and regulatory frameworks for building safety balance the needs of the housing construction industry with consumer protection for home buyers; landlords and tenants understand their rights and responsibilities and have access to dispute-resolution services; and British Columbians have a range of

housing options to choose from that are affordable for people with a broad range of incomes.

Some households, however, are unable to find suitable housing in the private market. In most cases, households spending 50 per cent or more of their income on rent are considered to be in the worst case need, and at risk of economic eviction or homelessness. Government-assisted housing in British Columbia is administered by BC Housing and targeted to lower-income households such as these,

many of whom have complex housing and health needs. Providing assistance to those in crisis is fundamental to our programs and services.

The map below shows BC Housing's service regions. Using 2001 Census data, the tables show the general distribution of approximately 69,000 households paying 50 per cent or more of their income on rent and those assisted in 2007 through the current inventory of subsidized units.



VANCOUVER COASTAL REGION

Total number of households ¹	380,770
Households spending > 50% of their income on rent	23,000
Households assisted through subsidized housing	31,600

FRASER REGION

Total number of households ¹	472,485
Households spending > 50% of their income on rent	19,200
Households assisted through subsidized housing	25,620

INTERIOR

Total number of households ¹	291,125
Households spending > 50% of their income on rent	12,000
Households assisted through subsidized housing	12,900

NORTH

Total number of households ¹	93,055
Households spending > 50% of their income on rent	4,000
Households assisted through subsidized housing	4,870

VANCOUVER ISLAND

Total number of households ¹	225,850
Households spending > 50% of their income on rent	11,000
Households assisted through subsidized housing	14,920

¹Based on 2001 Census data
(Note: 2006 Census data will be available in 2008.)

Who We Serve

In 2008/09, government-assisted housing will help approximately 90,000 households across the province, with the majority of this housing targeted to those who are most in need. In order to help people move along the continuum and out of emergency or transitional situations (i.e. homeless) to more stable situations (i.e. housed), a combination of housing and supports is needed.

Frail seniors, people at risk of homelessness, people with mental illness or a physical disability, those with drug and alcohol addictions, Aboriginals and youth and families, including women with their children fleeing abusive relationships, represent some of the groups in our society that are most in need. They need more than a roof over their heads; they need housing with support services in order to lead healthier lives that allow

them to participate more fully in their communities. Other households, whose housing problems stem solely from low income, are being helped through rental assistance programs in the private rental housing market, where most already live. Affordable housing is a bridge that allows people to achieve greater stability in their lives and become more capable of moving away from government assistance.

INDIVIDUALS WHO ARE HOMELESS

- Homelessness is a growing concern for many communities throughout B.C. and costs the health, social, and justice systems an estimated \$30,000 to \$40,000 per person per year.
- Challenges to finding appropriate housing for people who are homeless include those which are housing-related such as affordability, availability and suitability, and others which are related to life events including disabilities, health issues, social exclusion, joblessness and a breakdown of relationships.
- The Provincial Homelessness Initiative will continue to ensure that homeless individuals have access to stable housing with integrated support services.
- In 2008/09, there will greater emphasis on breaking the cycle of homelessness through increased interventions aimed to find housing for homeless individuals and provide housing supports to ensure people remain in stable environments.
- The Province and the City of Vancouver will partner to expedite the approval of up to 1,200 new social and supportive housing units on 12 city-owned sites.
- The Emergency Shelter Program will fund shelters to remain open 24 hours a day, every day of the year, serving as a necessary linkage for seamlessly moving homeless people from emergency shelters to housing with the appropriate supports to help them achieve greater self-sufficiency.
- Rent supplements will be offered to individuals who are at risk of homelessness as they transition from the emergency shelter system to renting in the private market.
- As part of the Strategy to End Homelessness announced in October 2007, the outreach program will be expanded into more communities to help homeless individuals access these services in their time of need. In 2008/09, BC Housing will provide \$128.1 million to shelter providers and non-profit housing societies to assist more than 7,440 homeless individuals.



FRAIL SENIORS AND INDIVIDUALS WITH SPECIAL NEEDS

- The number of senior-led households is expected to increase from 246,000 in 2001 to over 652,000 by 2031¹, putting pressure on social housing buildings.
- People who require special-needs housing include those with severe physical disabilities, chronic mental illness, those living with HIV/AIDS, drug and alcohol dependencies and women and children fleeing abusive situations.
- Frail seniors and individuals with special needs require a range of support services to help them move to more stable lives, and supportive housing allows them to live independently.
- The Seniors' Supportive Housing program will provide \$45 million over four years to convert or upgrade 750 existing subsidized housing units to supportive housing, which will allow seniors and individuals with disabilities access services and supports, enabling them to live in their homes longer.
- In 2008/09, BC Housing will spend \$97.5 million to assist approximately 4,560 individuals with special needs and 12,250 frail seniors.

¹ BC Stats, P.E.O.P.L.E. Projections 31.

ABORIGINAL INDIVIDUALS AND FAMILIES

- More than 28 per cent of off-reserve Aboriginal households are in core housing need compared to 15.8 per cent for all non-Aboriginal households.
- The provincial housing strategy, *Housing Matters BC*, addresses this discrepancy in three key ways: by earmarking funds to build housing that addresses the large number of Aboriginal people who are homeless; through the transfer of administration responsibility of Aboriginal subsidized housing to the Aboriginal Housing Management Association; and through linking trades training for Aboriginal people with the new construction of subsidized housing.
- BC Housing will spend approximately \$70.6 million to assist 3,530 Aboriginal families and individuals in 2008/09. The Aboriginal Trust Fund will contribute \$50.9 million over two years to create 292 units of off-reserve housing in 10 communities through the Aboriginal Housing Initiative.
- An Aboriginal outreach program is being developed to better connect homeless Aboriginal people to appropriate support and services.

LOW-INCOME SENIORS AND FAMILIES

- Approximately 69,000 households in British Columbia are unable to find housing that is suitable in size and in good repair without spending 50 per cent or more of their income on rent. Adding to this challenge is the extremely low vacancy rate in many urban areas.
- For over 25 years, the Shelter Aid for Elderly Renters (SAFER) program has provided assistance for low-income seniors.
- A similar program for low-income families – the Rental Assistance Program – was created in 2006. This program provides assistance to low-income, working families renting in the private market.
- A large portion of BC Housing's budget, approximately \$267.4 million, will assist 62,130 families and seniors to have affordable homes in 2008/09.



Who We Serve (continued)

HOUSEHOLDS ASSISTED BY THE CONTINUUM OF HOUSING AND SUPPORT SERVICES

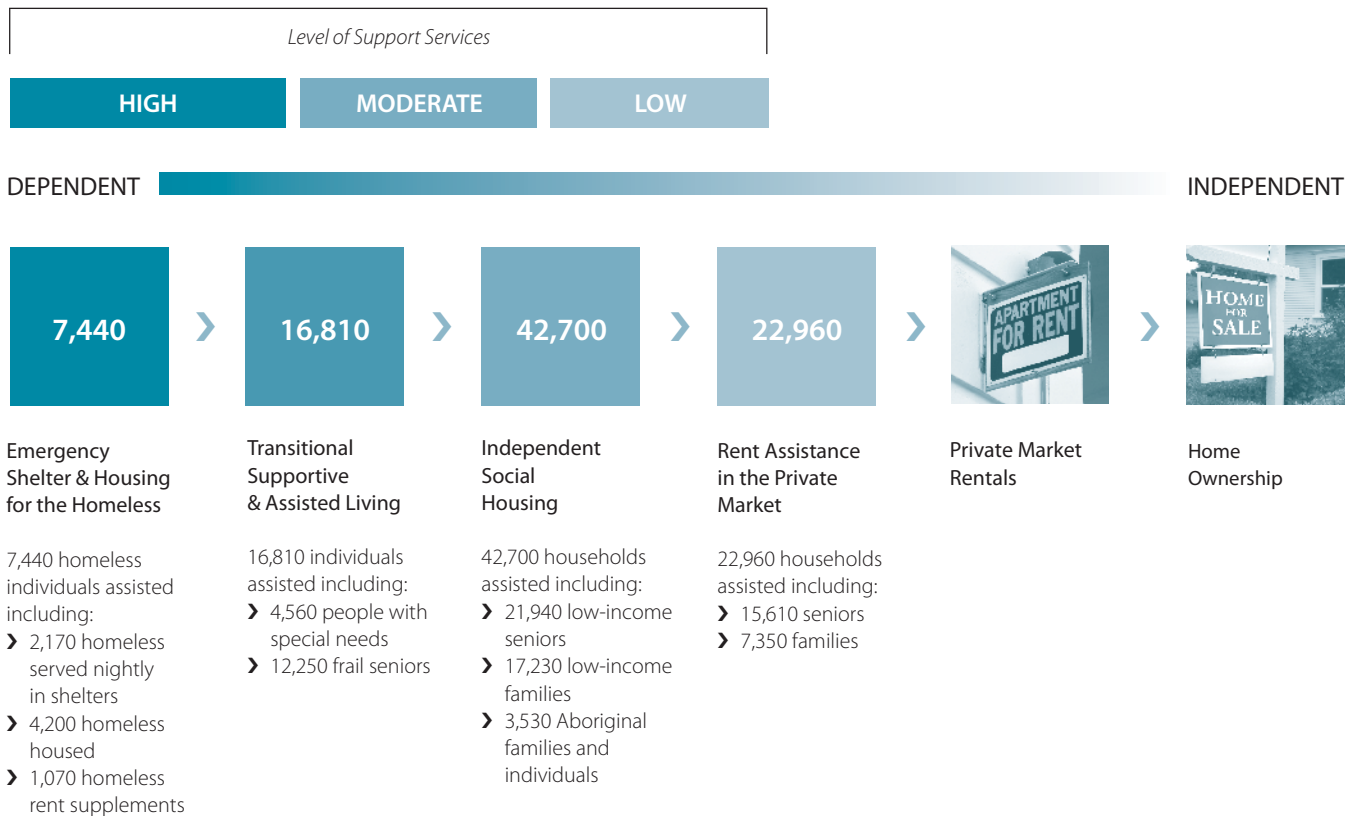
BC Housing’s role is to assist British Columbians in need of affordable and appropriate housing so that they may have healthier futures. We are able to provide this assistance through existing temporary and permanent housing. Where there are gaps in the housing continuum, they are addressed through the creation of new housing options or by adapting existing housing to better meet the requirements of those most in need. And, once people are living in subsidized housing, we want to ensure that they are safe and receive the supports they need to lead healthy lives.

THE HOUSING CONTINUUM

The housing continuum extends from emergency shelter and housing for the homeless through to affordable rental housing and home ownership. This diagram illustrates this continuum including the portion that is government-assisted with differing levels of support services through to independent housing in the private market.

Government-Assisted Housing

(Accounts for almost 6% of the province’s total housing stock)



*Note: the statistics for individuals with special needs and for frail seniors under the “Transitional Supportive and Assisted Living” category have changed significantly from earlier reports due to a change in the way these units are categorized. The cumulative number for this category is not affected.

How We Serve British Columbians

Every aspect of BC Housing’s business is centred on our clients. To best serve them, we have created relationships with key partners. Below are descriptions of how we do business in partnership.

POLICY PARTNERS

The Office of Housing and Construction Standards, within the Ministry of Forests and Range, is responsible for provincial housing policy, building policy, safety policy and the Residential Tenancy Branch. By working collaboratively, government is able to ensure that housing policy is aligned with programs and services to improve access to safe and stable housing for all British Columbians.

DELIVERY PARTNERS

Housing assistance is provided through a number of mechanisms including public, non-profit and co-operative housing, as well as through rent assistance to people living in the private rental market. BC Housing

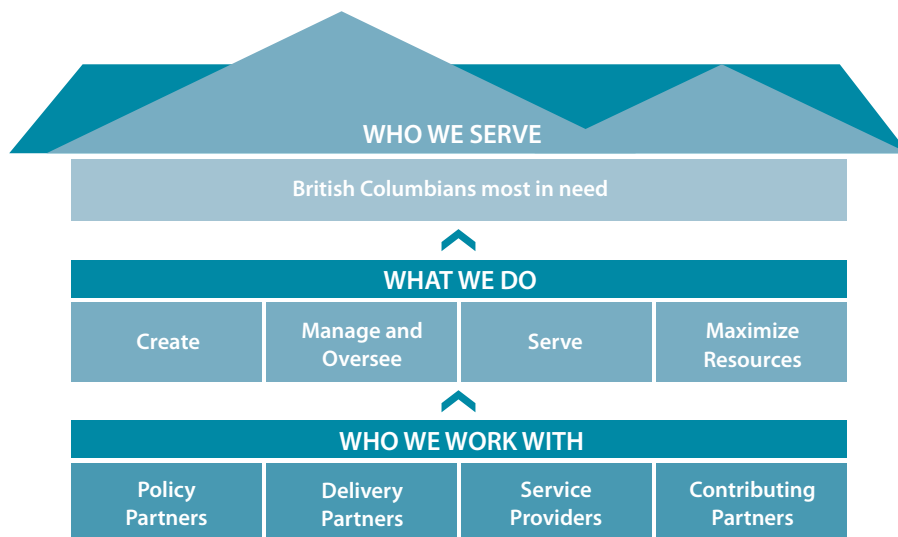
ing provides financial, administrative and technical support to its delivery partners, in addition to administering long-term operating agreements and the provision of housing subsidies. BC Housing’s role is one of stewardship and accountability.

SERVICE PARTNERS

In responding to the needs of British Columbians, access to housing must often be combined with other support services (e.g. income support, health, education, employment and skills training). BC Housing has engaged in innovative service partnerships that integrate housing and support services. These service partnerships involve other levels of government, health authorities and service providers.

CONTRIBUTING PARTNERS

The investment required to create new housing necessitates a partnership model. No one level of government can do it alone. A public-private partnership model for the development of new housing combines funds from all levels of government and leverages private, non-profit and charitable sources. Municipal governments can contribute through expediting approval processes and offering reduced property taxes, as well as making land available for new housing. Once built, funding for the ongoing delivery of government-subsidized housing comes from a number of different partners including BC Housing, other provincial ministries and the federal government.



Key Relationships

The diagram at left illustrates BC Housing’s relationships with our key partners and how we work together to provide housing options. Using this client-centred approach, and in cooperation with our partners, BC Housing creates, manages and maximizes resources in order to ensure that housing needs are met for vulnerable British Columbians.

Strategic Context

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

Our success in meeting our goals, objectives, strategies and measures is influenced by many external factors. The following is a summary of internal and external challenges and opportunities that could affect BC Housing’s ability to meet our performance targets. A risk-management approach is used to assess challenges and opportunities, and to determine the appropriate strategies for responding.

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Pressures in the Rental Housing Market	B.C.’s current housing environment adds to the challenges of housing need. Very few rental housing units are being built, and in our urban centres, rents are unaffordable for many people. Additionally, the number of existing rental buildings is diminishing as property owners pursue redevelopment opportunities.	BC Housing recently purchased eleven Single Room Occupancy (SRO) hotels. These buildings were purchased to preserve and upgrade an important source of affordable housing stock for people at risk of homelessness. Work is underway to bring the buildings up to an acceptable standard so that people can feel safe and secure in this housing.
Rising Construction Costs	Construction costs are up by more than 40 per cent over the last five years. The cost drivers include significant increases in the cost of materials and skilled labour shortages, resulting in both increased labour costs and delays in project completion. This puts pressure on the budgets of new projects that are being built.	BC Housing has continued to seek cost-effective solutions by bundling similar projects and pursuing alternative construction forms including modular housing.
Aging Social Housing Portfolio	Many of the buildings that make up the social housing portfolio are aging and their mortgages are beginning to expire. Maintenance and capital-replacement costs will need to be increased for some buildings in order to ensure compliance with current health and safety standards.	There is an opportunity to renovate these buildings to better meet the needs of tenants and/or to accommodate support services. Some developments will benefit from new funding to convert 750 units of social housing to supportive housing, responding to increases in demand for affordable housing with support services.
Under-utilized Land	Many of the older social housing developments are located on large parcels of land in central locations that could potentially accommodate more housing.	Buildings that occupy under-utilized land are beginning to be redeveloped. Working in partnership with the private and non-profit sectors, these lands can become mixed-income communities with subsidized housing more fully integrated into larger communities. The redevelopment process began this year on British Columbia’s first social housing development, Little Mountain. Any proceeds from redevelopment of public housing will be reinvested back into affordable housing. As BC Housing moves forward on redevelopment initiatives, we will ensure that no current tenant will be left without housing assistance.

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Not-In-My-Back-Yard (NIMBY)	As BC Housing focuses on developing new housing for those most in need, strong opposition has emerged in some cases as a result of fear and uncertainty. This type of opposition, referred to as “Not-In-My-Back-Yard” (NIMBY), creates difficulties in addressing homelessness.	BC Housing works with its partners to ensure that surrounding communities learn more about the developments and that the general public and local governments have complete information so that consensus can be more easily achieved to move projects forward.
Strong Demand for Affordable Housing	The demand for affordable housing exceeds the supply of resources as indicated by the more than 14,380 applicants currently listed in <i>The Housing Registry</i> , BC Housing’s database of housing providers and applicants.	Housing resources must be allocated as effectively as possible to ensure that those in greatest need of housing are given priority.
Rising Number and Declining Health of Individuals who are Homeless	The challenge is to break the cycle of homelessness such that individuals, with outreach and supports, can successfully move from the street and shelter system into stable housing.	<p>Recently introduced provincial housing programs and initiatives provide for expanded shelter operations, outreach programs, transitional and supportive housing solutions as well as homeless rent supplements that together work towards breaking the cycle of homelessness.</p> <p>As part of the Premier’s Task Force on Homelessness, Mental Illness and Addictions, BC Housing works with provincial ministries and health authorities to develop permanent, long-term housing and outreach strategies to respond to homelessness.</p>
Labour Supply, Aging Demographics and Internal Capacity	The shortage of capable labour and the potential loss of intellectual capital poses a risk to BC Housing’s ability to meet our commitment to excellence in client service, project development and ensuring the quality of our housing portfolio. As well, an aging population is changing the dynamics of attracting skilled people at the same time as many employees are retiring or are becoming eligible to retire.	BC Housing is striving to recruit and retain skilled, creative, committed employees. We are ensuring an engaged workforce for the benefit of all clients and stakeholders through a new People Strategy. A succession plan has been put into place to ensure we are well situated to meet our commitments today and in the future.
Enhanced Federal-Provincial Relationship	Participation from the federal government is needed to respond more effectively to growing demand for affordable housing.	The federal government is contributing \$106 million to help address short-term pressures in the supply of affordable housing. This funding will flow to BC Housing until 2008/09. The funding will contribute to the cost of constructing new housing under the Independent Living BC and the Provincial Homelessness Initiative programs.

Strategic Context (continued)

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Aboriginal Capacity Building	The number of Aboriginal people who are homeless or in core housing need is higher than the incidence of need in the larger population.	BC Housing is working closely with the Aboriginal Housing Management Association (AHMA) to ensure the successful transition and management of the federal Aboriginal housing portfolio. This Aboriginal self-management model for social housing is the first of its kind in Canada.
Sound Social and Environmental Practices	Addressing the problem of climate change is a priority for British Columbia. The B.C. government has set out the challenge to make all government operations carbon neutral by 2010. Government agencies have been called upon to demonstrate best practices and lead the way by corporate example.	BC Housing is committed to reducing its environmental impact and creating healthier homes and workplaces for tenants and employees. Energy-efficiency measures and sustainable practices are employed in our new construction projects, repair and improvements to existing buildings and day-to-day operations. BC Housing has aligned its targets for energy and greenhouse gas emission reduction with those of the Government of British Columbia and is a recognized BC Hydro Power Smart Partner.
Public-Private Partnerships (P3)	Public-private partnerships can respond to local housing challenges and create additional housing units without the need for ongoing operating subsidies.	BC Housing has entered into a number of innovative partnership initiatives with municipalities, non-profit societies, the private sector and other housing partners. They are great opportunities for BC Housing to work with communities to move projects forward faster.
Effective Management Strategies	BC Housing and housing providers share a common interest in establishing effective program management strategies that strive for innovation and harmonization.	<p>BC Housing is actively engaged in identifying strategies to streamline and improve program administration, reduce costs and promote sustainability. The Canada-B.C. Social Housing Agreement provides an opportunity to do this. As well, by creating incentives for housing providers to explore new ways of generating revenues or controlling costs, we can help housing providers take some of the pressure off their budgets.</p> <p>We have initiated a new information technology system to ensure our administrative practices meet or exceed industry standards.</p>
Sector Sustainability	BC's social housing stock is supported by a large number of housing providers. About 56 per cent of social housing in the province is provided by the non-profit and co-operative housing sector. Almost 50 per cent of these providers are responsible for single housing developments.	BC Housing is working closely with the BC Non-Profit Housing Association (BCNPHA) to ensure the sector remains robust. BC Housing and BCNPHA share common goals that promote greater resource and information sharing, as well as governance and administrative models to protect non-profit and co-operative housing for the long term.

Key Risks, Sensitivities and Risk Mitigation Strategies

BC Housing uses an enterprise-wide, risk-management approach to identify and manage risks. All key operating departments determine risks, challenges and opportunities. Risk management strategies are then employed to balance current and future market and budget pressures with timing and implementation strategies.

KEY RISKS	SENSITIVITIES	RISK MITIGATION STRATEGIES
Mortgage/ interest rate fluctuations	<ul style="list-style-type: none"> A 1 per cent increase above the budgeted mortgage rate would increase housing subsidies by about \$2.7 million in 2008/09 and up to \$5.8 million in 2010/11 	<ul style="list-style-type: none"> Bulk tendering of mortgages Laddered renewal dates with less than 20 per cent of portfolio renewed in a year Staggered mortgage terms Locked-in longer mortgage terms at lower interest rates Low-interest construction financing to reduce new housing capital costs, thereby reducing ongoing subsidies
Construction cost increases	<ul style="list-style-type: none"> Market influences – material costs, availability of skilled labour and insurance costs \$10,000 per-unit construction cost increase could equate to annual provincial subsidy increases of \$1.0 million by 2010/11 	<ul style="list-style-type: none"> Alternative procurement methods, including construction management Bundling of similar projects Eligibility rosters Alternative construction forms including modular construction
Building envelope repair cost increases	<ul style="list-style-type: none"> Cost estimates are subject to revision pending tear-off of building envelopes and inspection of actual damage Significant cost increases and delays to repairs already planned could further delay the target completion date, resulting in more serious deterioration 	<ul style="list-style-type: none"> Long-term repair strategies including detailed examinations of at-risk buildings Accelerated repair program Implementation of design and construction standards incorporating recommended building techniques Rigorous maintenance programs for all new and repaired projects Pre-qualified skilled and specialized contractors Cost recovery, where feasible and warranted, from parties responsible for design, construction and inspection of buildings
Lower incomes of housing tenants	<ul style="list-style-type: none"> A 1 per cent reduction in family incomes would reduce tenant rent revenues by \$1.4 million for both public housing and non-profit housing 	<ul style="list-style-type: none"> Reduction in bad debts and increased recovery Revenue generation and non-profit revenue retention policy
Capital asset repairs	<ul style="list-style-type: none"> Aging housing buildings require significant repairs to maintain health, safety and livability 	<ul style="list-style-type: none"> Redevelopment; pro-active and preventative maintenance programs prioritizing repairs Implementation of sustainable, comprehensive strategies that yield lower maintenance costs in the future
Higher heating costs	<ul style="list-style-type: none"> A \$1 increase per gigajoule in the price of natural gas would increase the budgeted estimates by approximately \$1.6 million in 2008/09 	<ul style="list-style-type: none"> Development of a retrofit strategy Implementation and installation of energy efficient equipment resulting in reduced energy consumption
Higher inflation	<ul style="list-style-type: none"> A 1 per cent increase above the budgeted consumer price index would increase expenses by \$0.5 million in 2008/09 	<ul style="list-style-type: none"> Bulk purchasing for insurance, natural gas and appliances Assessment of housing providers to promote best practices in procurement, maintenance, and capital planning

Performance Measurement Framework

2008 / 2009 Performance Measurement Framework

BC Housing's Performance Measurement Framework (PMF) provides strong linkages with government's key strategies. We are focused on ensuring alignment with our business direction, and work to continually strengthening our reporting and measurement framework. The PMF is structured around four goals derived from our corporate priorities. Included in this section is a discussion of the objectives and strategies employed to reach each goal. The key measures allow us to

monitor and report results and identify trends over time.

In this Service Plan, we have revised targets for one measure (number of new units/beds created in priority areas), refined the methodology of one measure (percentage of clients belonging to priority groups in subsidized housing) and added two new measures (percentage of homeless individuals accessing housing who remain housed in six months after placement, and percentage reduction in green house gas emissions). These new measures reflect

new priorities stemming from shifts in our business direction, such as breaking the cycle of homelessness and the provincial initiative to take action on climate change. Summary descriptions of these changes are contained in this section, while more detailed information can be found in the appendices. Detailed information concerning changes to goals, objectives and targets is contained in Appendix A, and detailed information concerning disclosure of key reporting judgements is contained in Appendix B. Both Appendices A and B can be found on our website.

LINKING GOALS AND RESULTS

GOVERNMENT'S STRATEGIC GOAL

Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk and seniors.

Core Business Areas	Goals	Objectives	Measures
Increasing housing options	Respond to gaps in the housing continuum	Increasing housing options	Number of new units/beds created in priority areas
		Adapt existing housing stock to target resources to those most in need	Number of new households assisted through rent assistance programs
Maintaining and administering existing housing	Protect and manage existing housing for the long term	Maintain the quality of existing assets	Number of existing units adapted to higher priority needs
		Adequate provisions for future requirements	Percentage of clients reporting satisfaction with the quality and safety of their housing
Providing client services	Provide access to appropriate housing and services for vulnerable British Columbians	Ease of access to housing	Percentage of social housing providers meeting financial and operational standards
		Available housing targeted to those most in need	Ratio of replacement reserve contributions to actual expenditures
Delivering services cost-effectively	Organizational excellence	Financial and operating success	Percentage of nights where shelters are at full occupancy
		Environmental leadership in the housing sector	Percentage of homeless individuals accessing housing who remain housed 6 months after placement (New)
		High level of employee engagement	Percentage of new applicants reporting satisfaction with the process
			Percentage of clients belonging to priority groups in subsidized housing
			Controllable administration costs as percentage of program delivery costs
			Per-square-foot construction costs
			Percent reduction in greenhouse gas (GHG) emissions (New)
			Employee engagement index

Goal 1: Respond to Gaps in the Housing Continuum

Housing need can be viewed along a continuum that ranges from emergency shelters to independent housing in the private market. BC Housing plays an important role in filling gaps in this housing continuum by either adapting existing housing or creating new options to better meet the needs of priority groups.

New housing units are built under the following programs: Independent Living BC (ILBC), the Provincial Homelessness Initiative (PHI), Community Partnership

Initiatives (CPI), the Aboriginal Housing Initiative (AHI), and the Housing Endowment Fund (HEF). (See page 4 for a description of these programs.) There are also rent assistance programs that make it more affordable to live in the private market. Through working in partnership with all levels of government and other key stakeholders, we can facilitate an expanded range of housing options for those in need.

Within the context of this goal, we have three specific strategies:

1. Expanding the supply of existing units through the delivery of targeted housing programs in partnership with other levels of government as well as key community and private-sector partners;
2. Providing assistance to individuals and households renting in the private market through the Province's SAFER program (Shelter Aid for Elderly Renters) and the Rental Assistance Program for low-income families; and
3. Adapting existing buildings to target resources to those most in need.

Objective: Increasing Housing Options

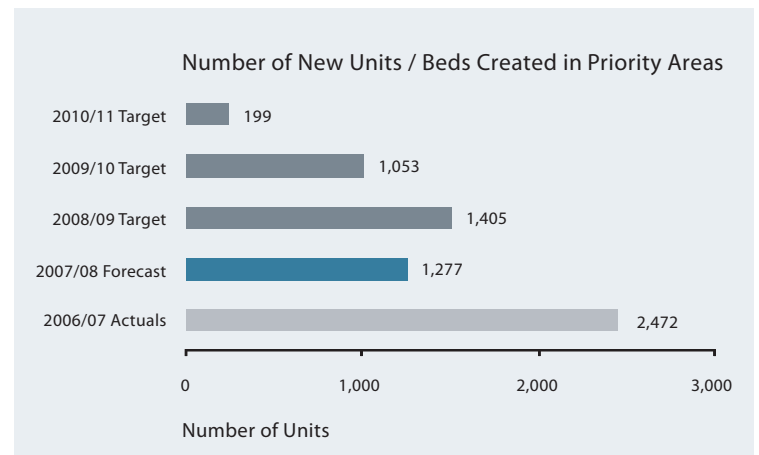
MEASURE: NUMBER OF NEW UNITS/BEDS CREATED IN PRIORITY AREAS

Importance of the Measure

The Province is committed to ensuring that B.C.'s citizens in greatest need receive priority for assistance. Part of this commitment is creating new units/beds on the supportive end of the housing continuum. For this reason, government has committed significant funding for the creation of new buildings in a cost effective manner through programs such as ILBC and PHI.

The ILBC, PHI and AHI programs add new units for priority groups such as frail seniors, Aboriginal households, persons with physical and mental disabilities as well as individuals who are homeless, many of whom are dealing with mental illness, addiction, and other challenges. The figures shown here reflect the number of combined units for which funding has been committed under ILBC, PHI and Aboriginal Housing Programs. As enhancements and resources were added over the course of the year, targets were raised from the previous targets stated in the 2006/07 Annual Report.

The 2010/11 target of 199 units is based on the completion of units under existing funding programs (PHI, ILBC and AHI), as it is expected that the construction of these units will be completed at this time. The targets will be revisited as new resources in future budgets may increase.



Goal 1 (continued)

Objective: Increasing Housing Options (continued)

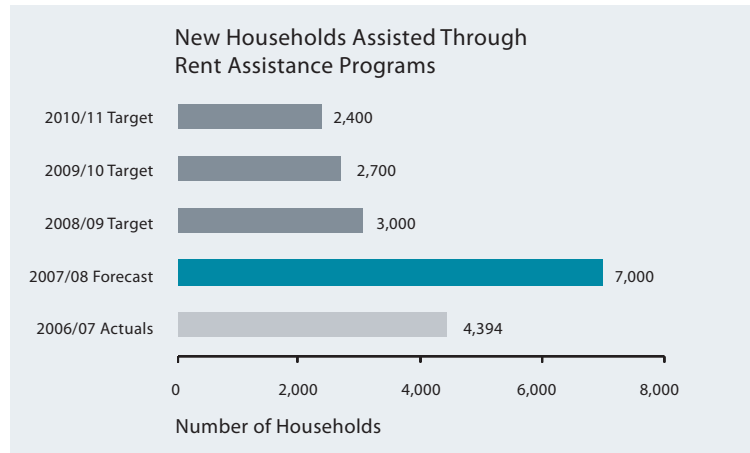
MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

Importance of the Measure

The Province funds a number of rent assistance programs including the Shelter Aid for Elderly Renters (SAFER) program, which is targeted to seniors, and the Rental Assistance Program, which is targeted to working families. This assistance helps to bridge the gap between what a household can afford to pay and market rents, thereby providing greater housing choices in the private market.

By the end of 2010/11, it is expected that rent assistance will be provided to more than 22,700 households.

The number of new households assisted peaks in 2007/08 as a result of the initial program take-up following the introduction of the Rental Assistance Program in October 2006. Thereafter, based on historical patterns of similar programs, the volume is expected to moderate.



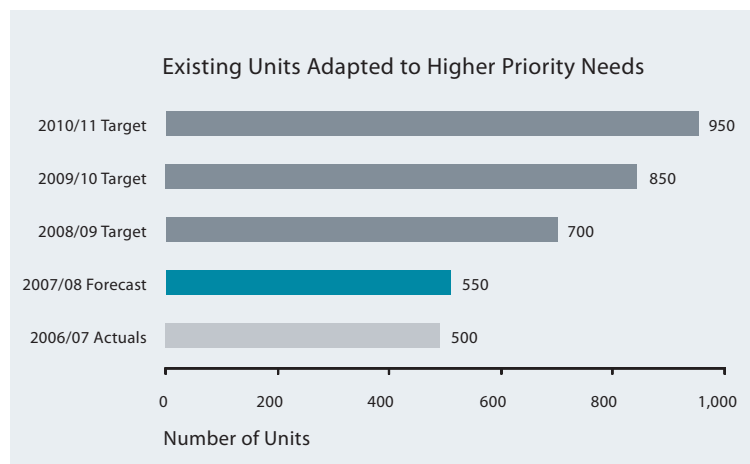
Objective: Adapt Existing Housing Stock to Target Resources to Those Most in Need

MEASURE: NUMBER OF EXISTING UNITS ADAPTED TO HIGHER PRIORITY NEEDS

Importance of the Measure

The provincial housing strategy, *Housing Matters BC*, stresses the importance of ensuring that those who are most in need receive priority for housing assistance. One way to meet these needs is through the conversion, adaptation or re-targeting of existing social housing units through the addition of integrated support services. Partnerships including those with local health authorities, government ministries, local agencies and service providers are critical to achieving this measure.

The targets are based on historical data related to the number of individuals and households assisted through BC Housing's Health Service and Priority Placement programs as well as through targeted strategies and initiatives including the physical conversions of units. The targets reflect the expected availability of resources as well as past experience in finding suitable partnership opportunities in the community.



FUTURE DIRECTIONS

BC Housing will continue to target resources to those in the greatest housing need in keeping with the directions set out in the provincial housing strategy, *Housing Matters BC*. Emphasis is now placed on ending the cycle of homelessness, with enhanced emergency shelter operations to 24/7, an expansion of the outreach program, and the provision of rent supplements to assist homeless individuals in the private market. Future strategies will also create new housing for better meeting the needs of Aboriginal families and individuals. BC Housing will continue to work with the Aboriginal community to allocate funds under the Federal Aboriginal Housing Trust.

Goal 2: Protect and Manage Existing Housing for the Long Term

The existing portfolio of social housing represents an important asset for addressing local housing needs. It is also an important element in achieving the government's vision of building the best system of support for people with disabilities, those with special housing needs, children at risk and seniors. Through maintaining high building and property maintenance standards, we can provide good quality

housing as well as protect the taxpayers' investments in social housing. This housing also contributes to a high quality of life for residents and to the social infrastructure of local communities.

The measures set out in this section focus on our success in delivering value to our clients, our shareholder and local communities across the province through the

careful management of existing resources. This is accomplished through working with the non-profit and co-operative housing sector to ensure that key financial and operating standards are met, as well as ensuring that adequate provisions are in place for meeting future building requirements.

Objective: Maintain the Quality of Existing Assets

MEASURE: PERCENTAGE OF CLIENTS REPORTING SATISFACTION WITH THE QUALITY AND SAFETY OF THEIR HOUSING

Importance of the Measure

Client feedback provides assurance that existing management practices are achieving intended results. This feedback is obtained through an annual survey of tenants living in public housing and helps to ensure that tenants are receiving the services and support that they need.

The measure reports on the percentage of tenants indicating that they are either satisfied or very satisfied with their overall housing situation. The targets are based on current performance and are above the satisfaction levels reported by housing providers in other jurisdictions.

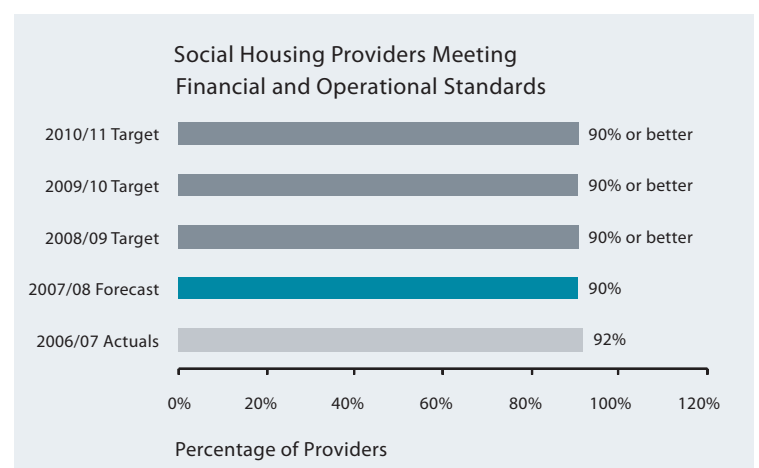


MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

Importance of the Measure

This measure ensures social housing is well managed, well maintained and protected for the long-term, through regular financial and operational reviews. It is based on an assessment of non-profit and co-operative housing providers across five key areas including maintenance and building inspections, financial management, resident management, information and records management and human resource management. A score is assigned based on this assessment and appropriate follow-up actions are taken.

Based on existing data, 90 per cent of housing providers are meeting an acceptable standard. The high target provides assurance the housing sector continues to perform at a high standard and that problems are addressed. Where standards are not being met, a management team is put in place to assist the housing provider.



Goal 2 (continued)

Objective: Adequate Provisions for Future Requirements

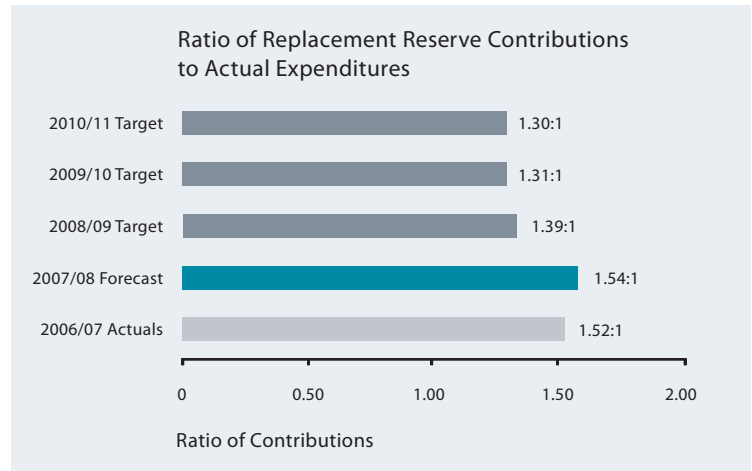
MEASURE: RATIO OF REPLACEMENT RESERVE CONTRIBUTIONS TO ACTUAL EXPENDITURES

Importance of the Measure

A replacement reserve is money set aside to refurbish or replace building components (such as roofs and appliances) that wear out over the life of a building. While the ultimate test is whether sufficient funds are available when the refurbishment is needed, an important interim test is whether sufficient money is set aside to cover a building's expected expenses over its lifetime.

The reserve contribution/expenditure ratio changes with the age of the buildings. The annual contribution stays the same, based on a life costing model, but the older the building, the more expenditure is required to maintain it. Hence, in the early life of a building, the ratio is high because contributions exceed expenditures. Similarly, as the building ages, the ratio falls and even drops below one as surplus funds are drawn down to meet the higher costs of an older building.

The targeted ratio of 1.39:1 for 2008/09 means that for every \$1.39 contributed to the Replacement Reserve, \$1.00 will be spent on maintenance.



FUTURE DIRECTIONS

Existing building and unit audits, as well as third party studies, suggest that the current condition of our social housing buildings is adequate. As the buildings age, redevelopment, regeneration and retrofit initiatives may be required to optimize the use of these assets to better serve the needs of tenants.

The transfer of administrative responsibility for the federal social housing portfolio to BC Housing in 2006/07 has also provided opportunities for the harmonization of existing programs designed to generate efficiencies and create additional capacity at key points along the housing continuum.

Client feedback also plays an important role in providing the assurance that existing management practices are achieving positive results. Over the longer term, BC Housing will continue to explore cost-effective and client focused strategies that will not only add to the existing inventory of units, but also continue to preserve and maintain the existing stock over the long term.

Goal 3: Provide Access to Appropriate Housing and Services for Vulnerable British Columbians

The measures related to this goal are about making a difference in the lives of families and individuals in greatest need by ensuring that limited housing resources are used as effectively as possible.

The most acute housing need can be found among low-income households that face a combination of challenges. Access to stable housing plays an important role in enabling these families and individuals to move toward self-reliance, independence and opportunity.

The existing inventory of subsidized housing plays a critical role in ensuring that British Columbians have access to the services and supports that they need. From emergency shelters to longer-term supported living, BC Housing is committed to supporting these needs and to assisting these individuals and families to move toward greater independence.

The measures under this goal focus on two key strategic objectives:

1. Ease of access to housing; and
2. Ensuring that available housing resources are targeted to those most in need.

PRIORITY ACCESS FOR SPECIAL NEEDS HOUSEHOLDS

An important policy direction of *Housing Matters BC* is:

- Individuals or households with special housing needs will be given priority access to subsidized housing.

We are working to ensure that this is the case by undertaking a review of the eligibility and placement process.

Three ways we are providing priority access to subsidized housing are:

1. As a result of our Eligibility and Application Review project (ongoing), which addresses applicant and tenant needs as they relate to health and social supports;
2. Through the development of a database of physical building characteristics needed to match applicants to appropriate units; and
3. By conducting a review of each social housing development to determine its best use and to generate plans to ensure best use.

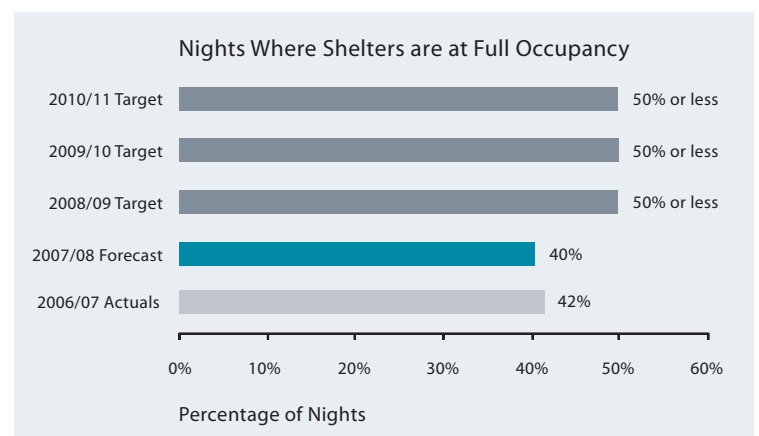
Objective: Ease of Access to Housing

MEASURE: PERCENTAGE OF NIGHTS WHERE SHELTERS ARE AT FULL OCCUPANCY

Importance of the Measure

In setting the target for this measure, we wanted to ensure that shelter space is well used (i.e. high occupancy rate over the year), but also that shelters are not full to capacity, as they tend to be in the winter months, so that people must be turned away. The occupancy rate for shelter beds is 92 per cent year-round, while the number of nights where shelters were at full capacity was 44 per cent in 2006/07 and is expected to remain below 50 per cent. This target will remain in place for the next year as we develop baselines and targets for the new measure outlined below.

This measure was appropriate when the Emergency Shelter Program was initially transferred to BC Housing. Now that the program is integrated within the broader housing continuum, the emergency shelters need to be situated as an integral part of that continuum and used more effectively as a gateway to transitional and permanent housing and to housing services which enhance the ability of people to move into stable housing environments. The new measure, "Percentage of Homeless Individuals Accessing Housing who Remain Housed 6 Months after Placement," takes into account the number of homeless individuals and families that become connected and housed in more stable environments with appropriate supports in place, aimed at preventing people from returning to the street.



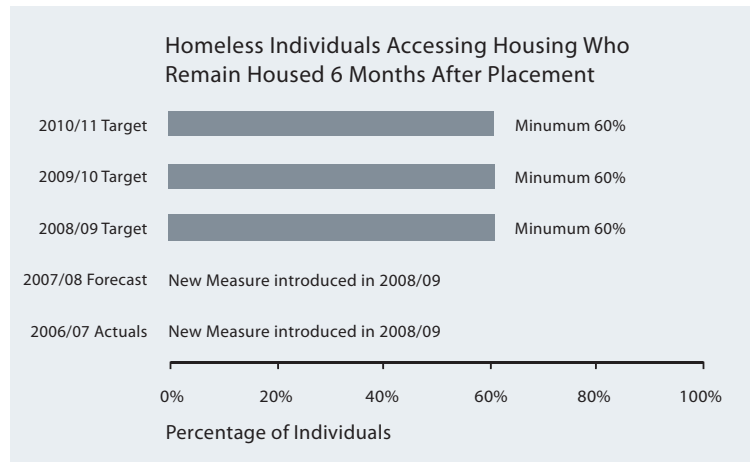
Goal 3 (continued)

Objective: Ease of Access to Housing (continued)

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED 6 MONTHS AFTER PLACEMENT (NEW)

Importance of the Measure

Measuring the percentage of individuals accessing housing and remaining housed 6 months after placement will enable BC Housing to assess how well it is meeting its goal of improving access to housing and social support services for homeless people. Additional research will be undertaken this next year to establish baselines, and systems for collecting the data and required follow up to confirm client housing status. An initial target of 60% has been set based on preliminary research.

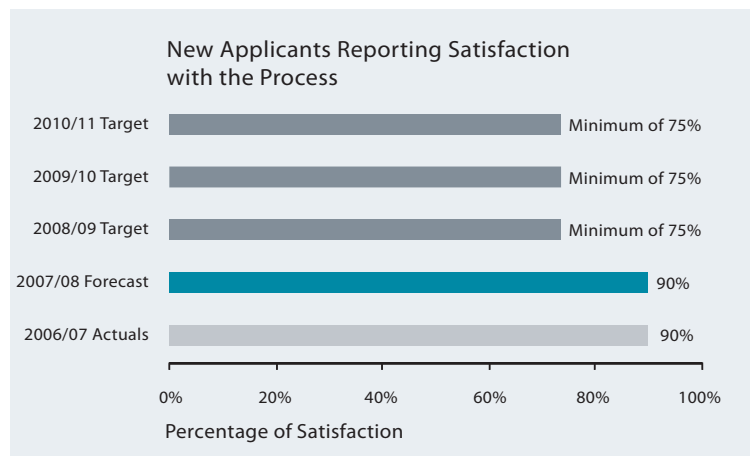


MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

Importance of the Measure

This measure allows BC Housing to view our success from an applicant perspective and enables us to assess the degree to which applicants are satisfied with the information and support that they receive when applying for housing assistance. It is an important customer-feedback mechanism designed to strengthen and improve our business processes.

This measure reports on the percentage of applicants indicating that they are either satisfied or very satisfied with the application process including the information that they received and the assistance provided through BC Housing. The target reflects a basic benchmark established through previous applicant feedback.



The 2006/07 results are extremely high, raising a concern that the inclusion of the feedback form in the application package may be positively skewing the results. As BC Housing reviews the applicant eligibility criteria in 2008/09, the process for gaining feedback from the applicants will also be examined. Based on this analysis, the targets may be revised.

Objective: Available Housing Targeted to those Most in Need

MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

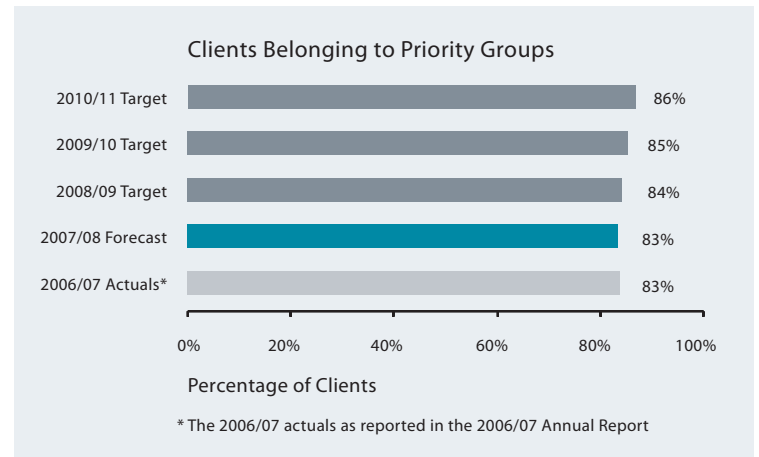
Importance of the Measure

Recognizing the difference that access to housing makes in the lives of families and individuals with many challenges, this measure reports the effectiveness of our current practices in allocating resources to those most in need. In keeping with *Housing Matters BC*, this measure allows us to define our success in ensuring that B.C.'s citizens most in need receive priority for assistance. Frail seniors, people at risk of homelessness, people with mental illness or a physical disability, those with drug and alcohol addictions, Aboriginals and youth and families, including women with their children fleeing abusive relationships, represent some of the groups in our society that are most in need.

The methodology for this measure has been revised in this Service Plan to exclude the SAFER rent supplement program and the Rental Assistance Program for families as these programs are accounted for in Goal 1. The target is set to reflect the number of households that fall within one of the designated priority groups and are currently living in social housing. The percentage of priority group clients assisted is expected to increase as existing units are adapted or converted and as new units reach completion.

FUTURE DIRECTIONS

Ensuring families and individuals in greatest need have access to housing and support services will continue to be an important priority. To support the key directions set out under *Housing Matters BC*, BC Housing is actively engaged in a process with the housing sector to review the current applicant eligibility guidelines for access to social housing. As a result of the applicant eligibility review, it is anticipated that BC Housing will be housing increasing numbers of higher priority clients.



Goal 4: Organizational Excellence

Providing cost-effective solutions and value for money is central to BC Housing's success in building and maintaining a sustainable housing system.

The measures set out in this section are about ensuring that we deliver the best possible services in a cost-effective and competent manner. This includes continuing to identify organizational and operational efficiencies, as well as ensuring that we have the appropriate structures and processes in place to control costs and manage risks. Commencing with this Service Plan, the goal of organizational excellence also includes BC Housing's role in providing environmental leadership in the housing sector by setting targets to reduce greenhouse gas emissions.

Building on the skills, energy, talent and dedication of the staff who work at BC Housing is a central focus of this goal. We will foster a culture of innovation and learning by working to build and maintain a high level of employee engagement.

BC Housing has made significant investments in putting an effective "People Strategy" in place across the Commission. The implementation of this strategy plays an important role in our success in recruiting and retaining skilled, creative and committed employees, both today and for the future.

PEOPLE STRATEGY

BC Housing conducted an employee engagement survey to measure staff perceptions related to:

- Leadership;
- Learning and growth;
- Recognition;
- Communication; and
- Alignment with key strategic directions.

Major elements of the People Strategy:

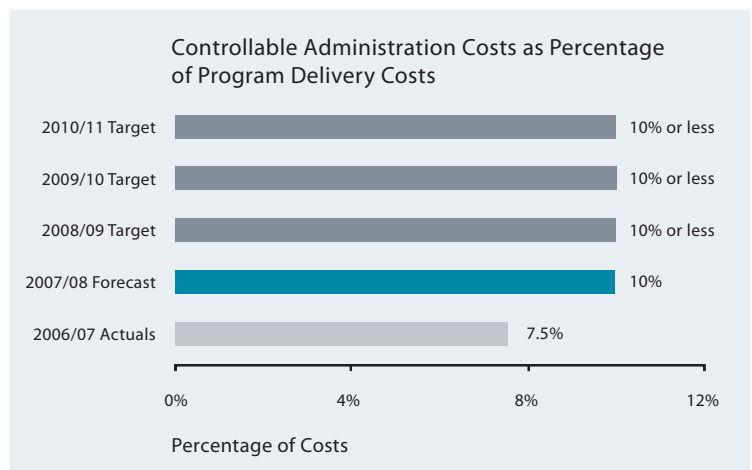
- Organizational structure review;
- Recruitment and succession plan;
- Performance management;
- Leadership development; and
- Learning and growth opportunities.

Objective: Financial and Operating Success

MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

Importance of the Measure

This measure is a standard financial measure that assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs. The results are benchmarked against the performance of housing providers in other jurisdictions. The targets are set to ensure that BC Housing continues to maintain this level of performance.



MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

Importance of the Measure

This measure benchmarks the per-square-foot construction cost of new housing developments with comparable developments in the private sector. This is an important measure of the cost-effectiveness of our development practices.

The challenges related to new supply programs include rising construction costs, which are up by more than 40 per cent over the last four years. The cost drivers include significant increases in the cost of materials and skilled labour shortages, resulting in both increased labour costs and delays in project completion.

2010/11 Target	Within ±5% of the private sector benchmark
2009/10 Target	Within ±5% of the private sector benchmark
2008/09 Target	Within ±5% of the private sector benchmark
2007/08 Forecast	Within ±5% of the private sector benchmark
2006/07 Actuals	Within 2.72% of the private sector

Objective: Environmental Leadership in the Housing Sector

MEASURE: PERCENT REDUCTION IN GREENHOUSE GAS EMISSIONS (NEW)

Importance of the Measure

This measure provides a means of establishing BC Housing's progress towards meeting the government's greenhouse gas (GHG) emission targets for crown corporations. Setting targets for this measure will ensure that BC Housing achieves carbon neutral status as soon as practical.

Methodology

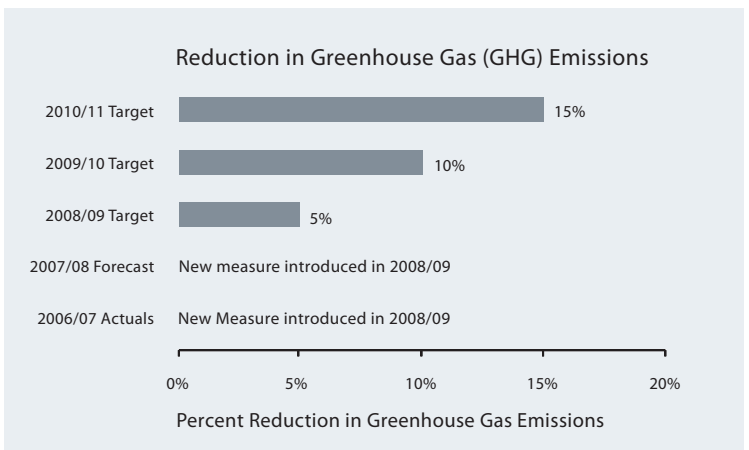
This measure considers GHG emissions from activities in offices and public housing buildings managed by BC Housing. Potential measures are:

- Tonnes of GHG emissions per tenant (public housing buildings)
- Tonnes of GHG emissions per employee (BC Housing offices)
- Tonnes of GHG emissions per square foot of floor area

GHG emissions are calculated based on energy consumption data. Any shortfall in reaching carbon neutrality will have to be made up for by purchasing carbon credits. BC Housing will use an appropriate methodology for calculating GHG emissions from energy use data and for purchasing carbon emission credits.

Data Source and Targets

Baseline data for this measure is being collected based on our greenhouse gas emissions for 2005/06. This data will be compiled and verified by an external consultant for offices and housing managed by BC Housing. The target for 2008/09 will be a 5 per cent reduction from 2005/06 levels, and the following two years will be a further annual 5 per cent reduction.



Goal 4 (continued)

Objective: Environmental Leadership in the Housing Sector (continued)

Considerations

BC Housing will be required by 2008 to develop the methodology to measure GHG emissions, gather the necessary data, and perform the emission calculations. Beginning with a report for the 2008 calendar year, BC Housing will be required to report greenhouse gas emissions, and actions taken to minimize those emissions. Third party verification of GHG emissions and reporting will be mandatory.

BC Housing continues to explore the issue of carbon neutrality and carbon credit offsets. Carbon offsets will likely have to be purchased in order for BC Housing to become carbon neutral.

Objective: High Level of Employee Engagement

MEASURE: EMPLOYEE ENGAGEMENT INDEX

Importance of the Measure

BC Housing recognizes the critical role that its employees play in its organizational success. Employee engagement is a productivity indicator based on employee satisfaction and motivation. By focusing on employee engagement, it is possible to create a working environment which values creativity and innovation, while also remaining committed to organizational excellence and service.

The measure is based on an annual survey that gathers feedback from staff on different aspects of their work environment. The survey is designed to gauge the extent to which BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement. Results are benchmarked with other employers through the use of standard industry survey instruments. The target is set to ensure that employee engagement continues to be an important focus within the organization and is supported by the development and implementation of a multi-year People Strategy.

Employee Engagement Index	
2010/11 Target	Top quartile of benchmark employers
2009/10 Target	Top quartile of benchmark employers
2008/09 Target	Top quartile of benchmark employers
2007/08 Forecast	Top quartile of benchmark employers
2006/07 Actuals	Top quartile of benchmark employers

FUTURE DIRECTIONS

BC Housing's focus is on customer service, organizational excellence and innovation in order to deliver on the government's commitment to British Columbians who are most in need. The implementation of BC Housing's multi-year Human Resources Plan is an important element towards realizing this vision. This includes working to promote a culture of learning and innovation, as well as building and maintaining a high level of employee engagement.

Looking for new and better ways to use existing housing buildings, demonstrate environmental leadership, control costs and streamline and improve program administration are also important parts of this goal. Central to these strategies are innovations in research and information technology that support continuous business improvement.

Financial Overview

Summary Financial Outlook

The following table reflects the financial projections for the planning period including funding contributions from other partners. The 2008/09 budgeted allocation is 537 full-time employees (FTEs)¹.

SUMMARY OF FINANCIAL RESULTS AND BUDGET PROJECTIONS – 2002/03 to 2010/11

(in thousands of dollars)

	2002/03 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2006/07 ACTUAL	2007/08 FORECAST*	2008/09 FORECAST	2009/10 FORECAST	2010/11 FORECAST
Revenues									
Provincial Contribution **	141,237	151,365	157,831	200,274	318,644	329,008	383,030	319,719	319,924
Federal Contribution	84,676	91,498	90,237	102,904	135,852	140,315	139,616	139,137	137,851
Other ***	37,317	35,897	35,703	39,944	43,044	36,936	40,974	41,709	42,458
Total Revenues	263,230	278,760	283,771	343,122	497,540	506,259	563,620	500,565	500,233
Expenditures									
Non Profit & Co-operative Housing	164,422	179,753	183,505	217,550	369,149	318,877	357,304	303,947	307,526
Public Housing	51,549	52,870	55,033	68,287	54,305	65,631	83,817	75,049	74,183
Rent Supplement Assistance	26,390	25,919	24,571	25,457	43,337	89,129	78,851	77,901	74,664
Administration	20,829	20,146	20,595	31,760	30,642	32,622	43,648	43,668	43,860
	263,190	278,688	283,704	343,054	497,433	506,259	563,620	500,565	500,233
Excess of revenue over expenditures	40	72	67	68	107	-	-	-	-
Province's Account	936	1,008	1,075	1,143	1,249	1,249	1,249	1,249	1,249

* The 2007/08 forecast represents the originally approved budget plus additional budget allocations approved by the province throughout the year.

** This includes both direct and indirect provincial government contributions. In 2008/09 this includes funding of \$373.8 million provided directly by the provincial government to BC Housing, plus \$9.2 million provincial funding through other partnering ministries.

*** This includes tenant rent and revenue from other sources.

In 2007/08, BC Housing's provincial budget increased by 3 per cent or \$10.4 million over the prior year actual expenditures and increased by 63 per cent compared to the prior year budget.² This increase was the result of one-time grants for the construction and conversion of social housing, funding for increased take-up of the Rental Assistance Program, enhancements to the Emergency Shelter Program, and subsidies for new units under housing programs.

In 2008/09, BC Housing's total budget will increase by a further 11 per cent or \$57.4 million. Major budget items include:

- Measures to break the cycle of homelessness including 24/7 emergency shelters, fast track development approvals for supportive housing, and expanded homeless outreach services, which add \$39.4 million;
- The conversion of housing units under the Seniors' Supportive Housing (SSH) program, which adds \$7.6 million;
- Higher tenant rent revenue and investment income, which adds \$4 million; and
- New housing units completed under the Independent Living BC and Provincial Homelessness Initiative programs, and the impact of inflationary-cost pressures, which add \$6.4 million.

¹ This has increased over the past year to reflect additional staffing related to the transfer of administrative responsibility for the federal housing portfolio; the transfer of administrative responsibility for provincial emergency shelters; the doubling of the SAFER program; the increased volume of construction activity; and the introduction of the Rental Assistance Program for low-income families.

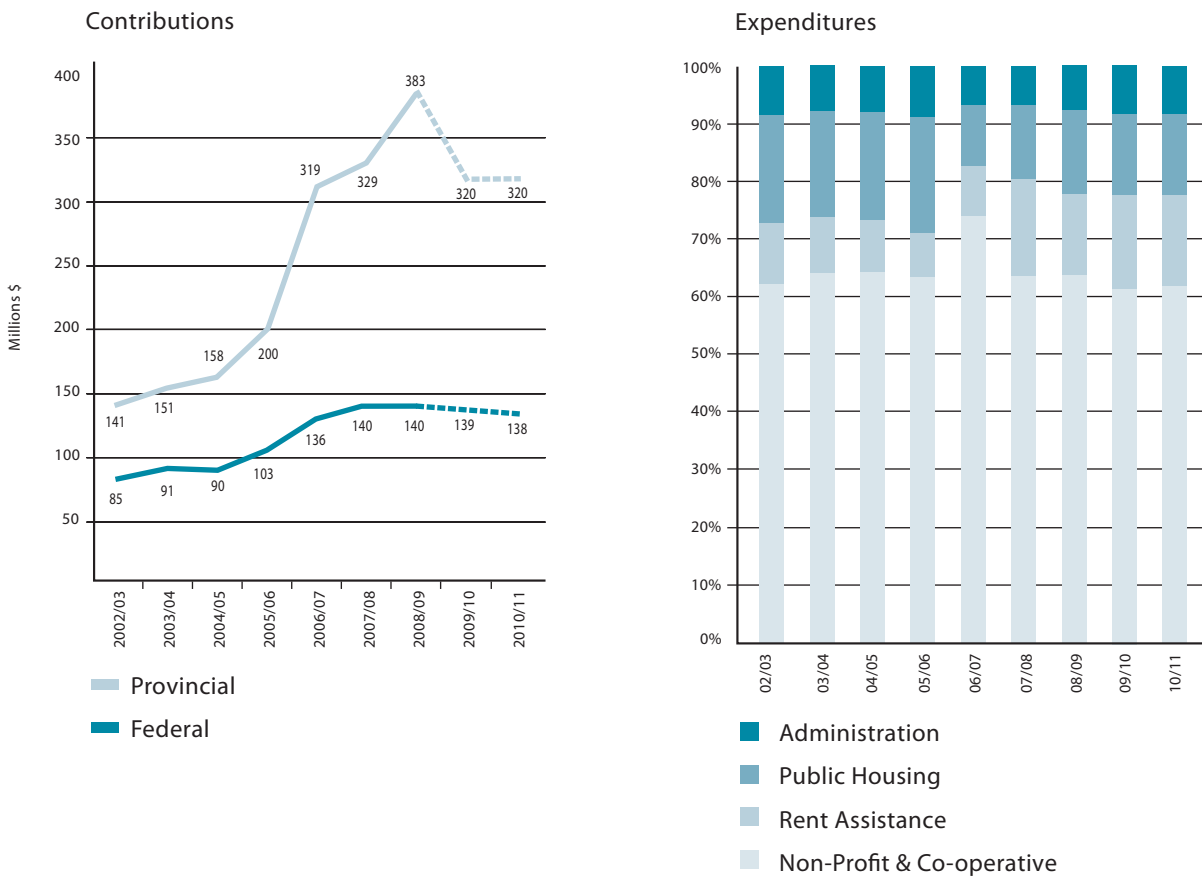
² The budget for comparison purposes is the 2006/07 budget as originally published in BC Housing's 2006/07 - 2008/09 Service Plan.

Financial Overview (continued)

BC Housing's total approved budget of \$563.6 million in 2008/09 is the largest housing budget in the province's history and has more than doubled since 2001/02 (up \$303.8 million). The provincial contribution to BC Housing's budget has increased more than 2 1/2 times over that same period.

Contributions of \$156.9 million under the federal Affordable Housing Trust Agreement will be fully expended on the creation of new social housing by the end of the current planning cycle.

The federal government is expected to contribute up to \$139.6 million in 2008/09, which comprises about 25 per cent of total revenues. Federal funding is expected to gradually decline over time as building-envelope remediation projects are completed and buildings under the older programs become fully amortized.



BC Housing has also developed a number of strategies to manage expenditure growth, contain costs and maximize the effect of its programs. Strengthened partnerships for new developments and streamlined program delivery, including subsidy administration, will ensure BC Housing continues to meet its mandate in a cost-effective manner. Other cost-saving strategies include continued reductions in administration expenses and overhead, and risk-management strategies.

Although BC Housing's programs, housing units under administration and budgets are all increasing, the growth in administration costs is being controlled to ensure that BC Housing stays efficient (see chart above). This chart also illustrates that compared to the 2002/03 to 2006/07 period, rent assistance and non-profit subsidies are receiving an increasing percentage of the housing budget during the 2008/09 to 2010/11 planning period. Compared to previous years, Public Housing expenditures are higher over the 2007/08 to 2010/11 period as a result of energy efficiency projects, building envelope repairs and the conversion of units under the Seniors' Supportive Housing program.

BC Housing's 2008 / 09 Business Overview

The following provides an overview of BC Housing's key activities and expected results for 2008/09, followed by a discussion of expenses and revenue sources.

Business Overview – 2008 / 09

Funding	Program Expenditures	Service Allocation	Households Served
Provincial Government \$373.8 M	Emergency Shelter and Housing for the Homeless \$128.1 M	Emergency Shelter and Housing for the Homeless 7,440 units	Homeless/Homeless at Risk 7,440 households
Federal Government \$139.6 M	Transitional Supported and Assisted Living \$97.5 M	Transitional Supported and Assisted Living 16,810 units	Special Needs 4,560 households
Tenant Rent \$31.4 M	Independent Social Housing \$272.4 M	Independent Social Housing 42,700 units	Low-Income Families 24,580 households
Provincial Partnering Ministries \$9.2 M	Rent Assistance in the Private Market \$65.6 M	Rent Assistance in the Private Market 22,960 units	Seniors 49,800 households
Other \$9.6 M			Aboriginal Families and Individuals 3,530 households
Total Revenues \$563.6 M	Total Expenses \$563.6 M	Total Units 89,910	Total Households Served 89,910

BC Housing remains committed to providing safe and affordable housing to British Columbians with the greatest need. In 2008/09, \$563.6 million will be spent on developing, maintaining and managing 89,910 housing units through a variety of program options. Approximately 40 per cent of funding (\$225.6 million in 2008/09) is allocated to non-profit

and co-operative housing providers that operate emergency shelters and housing for the homeless, frail seniors, and individuals with a great need. Forty-eight per cent (\$272.4 million in 2008/09) of funding is allocated to fund projects for low income families, Aboriginals and seniors living in independent social housing, and 12 per cent is allocated to rent assistance (\$65.6

million in 2008/09) for independent seniors and families renting in the private market. Provincial and federal governments are expected to contribute \$522.6 million of the required funding. Tenant rent and other revenues are expected to reach \$41 million in 2008/09. This amount will increase over time as rents increase with inflation.

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