

housing matters

Service Plan

2011/12 – 2013/14



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The Service Plan and the following appendices are located on BC Housing's website at www.bchousing.org

Glossary of Terms

Appendix A – Changes in Reporting

Appendix B – Disclosure of Key Reporting Judgments

Joint Message from the Board Chair and Chief Executive Officer

It is a pleasure to present the Service Plan for BC Housing for the period April 1, 2011 to March 31, 2014. This plan outlines our goals and strategies for achieving those goals over the next three fiscal years.

Our work at BC Housing is focused on housing solutions to improve the lives of British Columbians. We are committed to implementing programs and initiatives that support the provincial housing strategy, *Housing Matters BC* – from creating housing and support options for those in greatest need through to ensuring consumer protections for buyers of new homes. Within our mandate we strive to address housing issues strategically and comprehensively across the housing continuum.

Breaking the cycle of homelessness will continue to be an important focus of our activities in the coming three years. The completion of new supported housing developments, created through partnerships with local governments, charitable sources and housing providers, will enable homeless people to regain their dignity and independence, and also alleviate the concerns local residents may have about homelessness in their community. In facilitating the transition of homeless individuals from the street to stable housing, we will continue to build on successes achieved through the emergency shelter services and homeless outreach programs, and work with government and community partners to ensure a more integrated response.

The planning focus for 2011/12 is multi-faceted as we embark on a range of initiatives to support our Service Plan goals, including:

- Developing new units of supported housing through the *Provincial Homelessness Initiative*;
- Completing new rental units for low- and moderate-income seniors through the *Seniors' Rental Housing* initiative;
- Completing retrofits and repairs to social housing buildings through the *Housing Renovation Partnership*;
- Developing our portfolio management framework to ensure asset alignment with our mandate and to anticipate emerging housing need and demand;
- Working collaboratively with our non-profit partners on initiatives and strategies to protect the long-term sustainability of the sector;
- Reducing and offsetting our greenhouse gas emissions to achieve carbon neutrality, as well as enhancing our leadership role within the housing sector to promote environmental sustainability; and
- Collaborating with the residential construction industry to raise the bar of professionalism in the residential construction industry and protect consumers.

For BC Housing, significant challenges and opportunities are largely driven by external factors such as the strength of the economy and levels of new home construction which support the residential construction industry, and continued pressures in the rental housing market coupled with strong demand for affordable housing which can affect demand from low-income households for many of our programs. We are also challenged by the aging of the social housing stock, both in the public and non-profit portfolios, and are responding in innovative ways to identify solutions.

Joint Message *(continued)*

Finally, as part of our ongoing efforts to enhance our accountability and transparency, we have made several adjustments to our performance measures and targets in this Service Plan. Adjustments have been made to our measure related to greenhouse gas emission reductions, as well as the addition of a new measure, the Facility Condition Index to more accurately assess the current physical condition of the social housing portfolio and set targets for future improvements to the stock.

Our past successes and future performance depend on collaboration with government, non-profit, community and industry partners. We look forward to working with all our partners to build the best system of housing and support in Canada.



Brenda Eaton
Chair



Shayne Ramsay
Chief Executive Officer

ABOUT THIS SERVICE PLAN

The 2011/12 – 2013/14 BC Housing Service Plan was prepared under the Board of Commissioner's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the plan, including the selection of performance measures and targets, what is in the plan and how it has been reported. The plan is consistent with government's strategic priorities and fiscal plan.

All significant assumptions, policy decisions, and identified risks, as of February 2011, have been considered in preparing the plan. The performance measures presented are consistent with BC Housing's mandate and goals, and focus on aspects critical to the organization's performance. 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.

Business Overview



Mandate and Vision

Our mandate is to fulfill the government's commitment to the development, management and administration of subsidized housing as reflected in an Order-in-Council under the *Housing Act* establishing the British Columbia Housing Management Commission (BC Housing) in 1967.

As of 2010/11 our mandate expanded to include responsibilities for the administration of the *Homeowner Protection Act* including strengthening consumer protection for buyers of new homes and helping bring about improvements to the quality of residential construction.

Our vision is housing solutions for healthier futures.

Our values are integrity, respect, commitment, service and accountability.

HOUSING MATTERS BC – A HOUSING STRATEGY FOR BRITISH COLUMBIA

As set out in the Shareholder's Letter of Expectations, BC Housing's priority is to fulfill the government's commitment to meet the housing needs of British Columbians as set out in the provincial housing strategy, *Housing Matters BC*.

The framework for the evolution of the housing sector, including the business direction for BC Housing, is guided by *Housing Matters BC*. This provincial housing strategy contains six goals, each of which is client-focused. BC Housing is a major contributor to ensuring these goals are met through a variety of programs and partnerships.

1

The homeless have access to stable housing with integrated support services

- Provincial Homelessness Initiative and local government partnerships (Memoranda of Understanding) to increase the supply of supportive housing for the homeless
- Homeless Outreach Program and homeless rent supplements
- Emergency Shelter Program enhancements
- Acquisition and renovation of single room occupancy hotels
- Supportive Housing Registration application and registration service, a single point of access for supportive housing funded through BC Housing

2

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

- New supportive and assisted living units through *Independent Living BC*
- Adapting and converting existing social housing units for those in greatest need through, for example, *Seniors' Supportive Housing, Priority Placement Program and Health Services*
- Redevelopment of aging and under-utilized social housing sites
- Renovation and retrofit upgrades to existing social housing through the *Housing Renovation Partnership*
- Development of new affordable housing for seniors and persons with disabilities through the *Seniors' Rental Housing* initiative
- Administration of transition houses, safe homes and second stage housing for women and children fleeing violence

3

Aboriginal housing need is addressed

- Affordable housing for Aboriginal people living off-reserve through the *Aboriginal Housing Initiative*
- *Aboriginal Homeless Outreach Program* and homeless rent supplements
- Improved capacity and relationship building with the Aboriginal housing sector

4

Low-income households have improved access to affordable rental housing

- *Shelter Aid for Elderly Renters*
- *Rental Assistance Program* for working families
- Innovative affordable rental housing initiatives for low- and moderate-income households

5

Homeownership is supported as an avenue to self-sufficiency

- Innovative affordable homeownership initiatives for low- and moderate-income households

6

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

- Ensuring an effective system of licensing and new home warranty insurance under the *Homeowner Protection Act*
- Promoting sustainability in BC Housing's business activities and more broadly within the housing sector

Descriptions of BC Housing programs can be found at www.bchousing.org

Core Business Areas

BC Housing's core business areas are aligned to support our business direction established through *Housing Matters BC* and integrated within our performance measurement framework.

Our core business areas include:

- **Increasing housing options** to respond to gaps in the housing continuum;
- **Maintaining and administering existing housing** to protect and manage for the long-term;
- **Providing client services** to ensure access to appropriate housing and services for vulnerable British Columbians;
- **Delivering services cost-effectively** through organizational excellence; and
- **Strengthening consumer protection for buyers of new homes** through our responsibilities under the *Homeowner Protection Act*.

ENVIRONMENTAL SUSTAINABILITY

BC Housing's sustainability strategy, called *livegreen: Housing Sustainability Plan* recognizes the significant role that we can play to promote sustainability in our activities and more broadly within the housing sector. We accomplish this through taking actions in three areas:

- **Buildings** – striving towards innovation in design, construction and management of social housing buildings;
- **Change Agent** – guiding and supporting others in taking actions towards sustainability; and
- **Integration** – integrating financial, social and environmental considerations in decision making.

The *livegreen* plan is aligned with the Province's Climate Action Plan to reduce greenhouse gas emissions and our carbon footprint, and to become carbon neutral. We report our performance through the "Reduction in Greenhouse Gas Emissions" performance measure in this Service Plan.



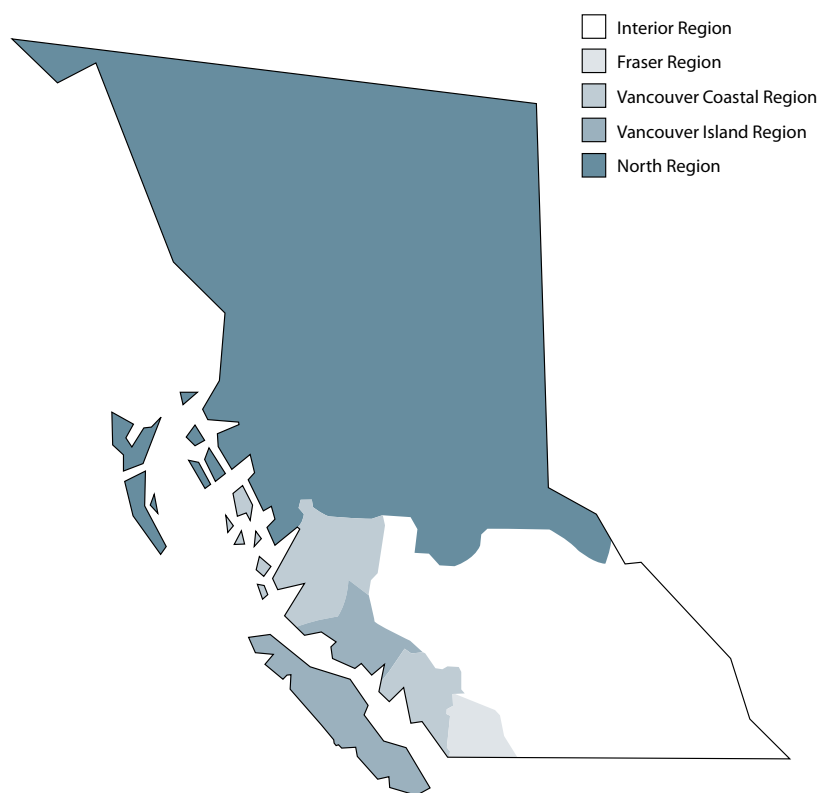
Who We Serve

Government-Assisted Housing for Those in Greatest Need

In total, over 97,400 households in about 200 communities throughout British Columbia will be assisted through subsidized housing in 2011/12. This total includes over 800 housing providers – mostly non-profit societies and housing co-operatives – managing about 62,200 of these units and BC Housing managing 7,200 public housing units. Also included are approximately 28,000¹ households receiving financial assistance to make their rent more affordable in the private market.

The majority of British Columbians are housed successfully in the private housing market. However, there are households that are unable to find suitable housing in the private market. Households spending 50 per cent or more of their income on rent for adequate housing are considered to be in highest need, and at risk of economic eviction or homelessness.

The map below shows BC Housing's service regions. Using 2006 Census data, the table shows the general distribution of households paying 50 per cent or more of their income on rent and those assisted through the current inventory of subsidized housing units and rent supplements. The number of households assisted through subsidized housing is BC Housing data from 2010.



INTERIOR

Total number of households	269,100
Households spending > 50% of their income on rent	8,700
Households assisted through subsidized housing	13,830

FRASER

Total number of households	514,100
Households spending > 50% of their income on rent	18,200
Households assisted through subsidized housing	27,600

VANCOUVER COASTAL

Total number of households	419,400
Households spending > 50% of their income on rent	23,300
Households assisted through subsidized housing	34,920

VANCOUVER ISLAND

Total number of households	297,800
Households spending > 50% of their income on rent	12,100
Households assisted through subsidized housing	16,060

NORTH

Total number of households	100,300
Households spending > 50% of their income on rent	2,600
Households assisted through subsidized housing	5,010

¹ This figure includes households in the private market receiving rent assistance with support services, as well as households in the private market receiving rent assistance without support services.

Who We Serve *(continued)*

Many of our initiatives are designed primarily to address the needs of those who require affordable housing in combination with support services in order to maintain successful tenancies, lead healthier lives and participate more fully in their communities. The following is a summary of some of the groups in greatest housing need.

Individuals who are Homeless

Homelessness is a concern for many communities throughout B.C. Some reports estimate the cost of homelessness to the health, social, and justice systems to be over \$55,000 per person per year (Centre for Applied Research in Mental Health & Addiction, Simon Fraser University).

Challenges to finding appropriate housing for people who are homeless are multi-faceted. They may be housing-related, such as affordability, availability or suitability, or a combination of factors, including disabilities, health and mental health issues, addictions, social exclusion, joblessness or a breakdown of relationships.

Frail Seniors and Individuals with Special Needs

The population of seniors will increase from 15 per cent of B.C.'s population in 2009 to 24 per cent in 2036, putting pressure on social housing. The senior population age 80+ will grow from four per cent in 2009 to seven per cent in 2036 (BC Stats).

People who require special-needs housing include those with severe physical disabilities or mobility issues, chronic mental illness, drug and alcohol dependencies and those living with HIV/AIDS. Frail seniors and individuals with special needs require a range of support services to help them have more stable lives, and supportive housing allows them to live independently.

Aboriginal Individuals and Families

Aboriginal people are disproportionately represented among those who are homeless. More than 22.3 per cent of off-reserve Aboriginal households are in core housing need compared to 14.2 per cent for non-Aboriginal households (Statistics Canada 2006).

Women and Children Fleeing Violence

From 1999 to 2004, it is estimated that more than 100,000 women in B.C. were victims of spousal violence (Statistics Canada 2006). Women and children fleeing violent relationships require immediate access to safety, shelter, food, crisis intervention and social service referrals.

Low-Income Households

Approximately 64,900 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 (Statistics Canada 2006). Adding to this challenge is the extremely low vacancy rate in many areas. Households spending more than 50 per cent of their income on rent for adequate housing are considered to be in highest need, and at greatest risk of economic eviction or homelessness.

New Home Buyers

Through our Homeowner Protection Office (HPO) branch, BC Housing serves buyers of new homes and people arranging for new homes to be built, homeowners (particularly owners of homes with warranty insurance), developers, residential builders, building envelope renovators and owner-builders.

Historically, high numbers of residential builders continued to become licensed or renew their licenses, reflecting an industry that is regarded as an economic powerhouse in B.C. In 2009/10 there were more than 4,440 licenses issued to residential builders (new and renewals), nearly 3,000 owner-builder authorizations issued (single detached homes) and over 18,000 new homes enrolled in home warranty insurance for the benefit of the buyers.

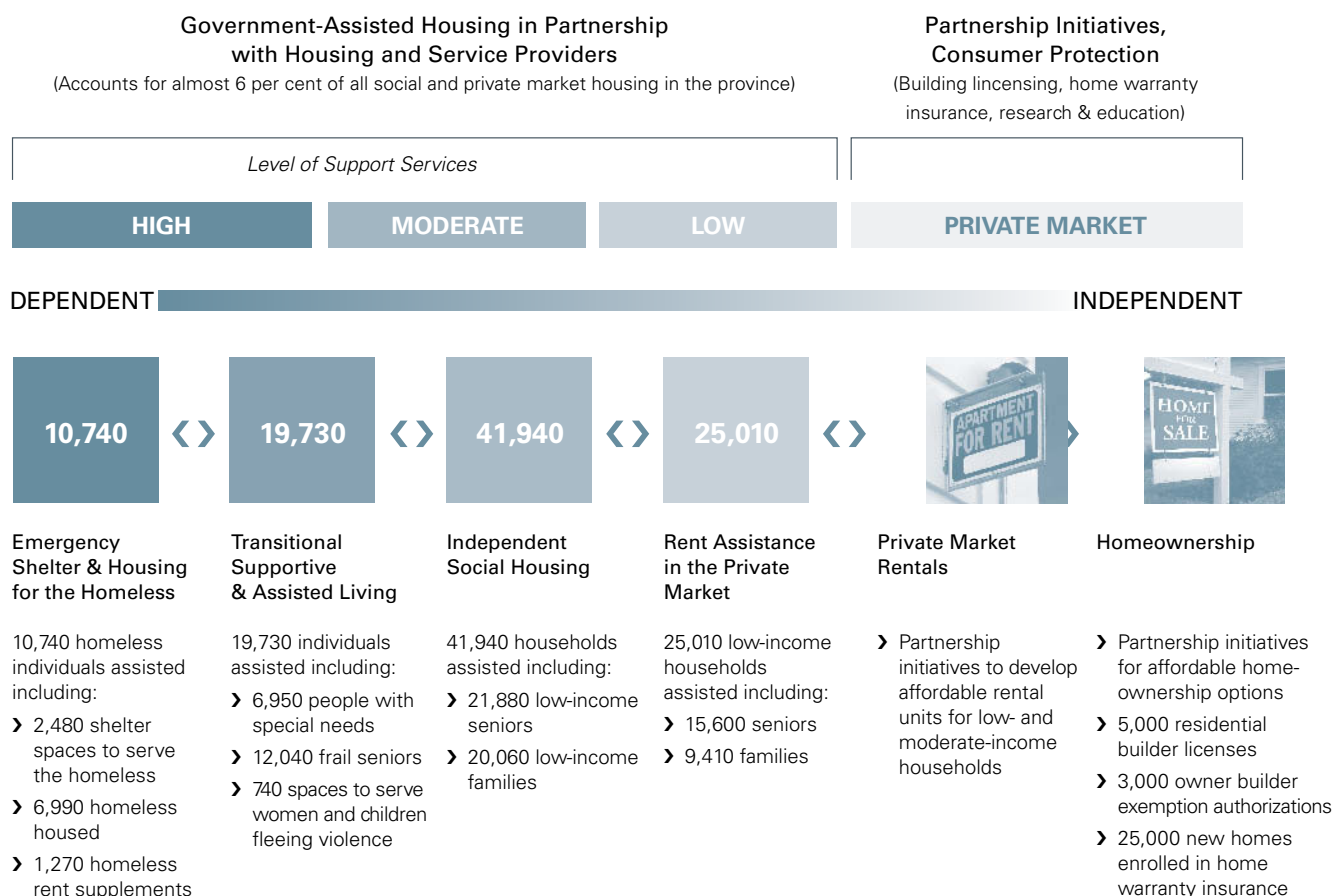
Research and education initiatives continue to be a cornerstone of consumer protection through creating partnerships for leading edge research, delivering Building Smart educational seminars for Licensed Residential Builders province-wide, and producing a range of publications on best practices in residential construction and maintenance of the building envelope in multi-unit residential buildings for strata corporations.

BC Housing's Role in the Housing Continuum

BC Housing's role is to assist British Columbians in greatest need of affordable and appropriate housing by providing options along the housing continuum. The continuum extends from emergency shelter and housing for the homeless through to affordable rental housing and home ownership. Where there are gaps in the housing continuum, they are addressed through the creation of new housing options or by adapting existing housing.

The diagram below illustrates BC Housing's role within the continuum in 2011/12, including the portion that is government-assisted with differing levels of support services as well as the development of rental and home ownership opportunities for low- and moderate-income households.

Through new responsibilities under the *Homeowner Protection Act*, BC Housing also plays an important role at the home-ownership end of the housing continuum by licensing residential builders, administering owner-builder authorizations, overseeing the third-party home warranty insurance system and carrying out research and education to improve the quality of construction of new homes.



How We Serve British Columbians

Every aspect of BC Housing's business is centred on our clients. We create relationships with key partners to work together to deliver our services. Below are descriptions of how we do business in partnership.

Delivery Partners

Housing assistance in B.C. is provided through public, non-profit and co-operative housing, as well as through rent assistance to people living in the private rental market. We work in partnership with more than 800 non-profit housing societies, housing co-operatives and group home operators throughout the province to provide safe and affordable housing for people in need. We also partner with private operators to provide rent supplements for low-income seniors and people with disabilities living in private assisted living facilities.

Service Partners

BC Housing engages in innovative service partnerships that integrate housing and support services to meet tenants' needs and ensure stable tenancies. These service partnerships involve community based organizations, other levels of government, health authorities and service providers.

The licensing and home warranty insurance system is delivered in partnership with private-sector insurance companies approved by the Financial Institutions Commission to provide home warranty insurance in British Columbia.

Contributing Partners

The investment required to create new social housing necessitates a partnership model. 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, waiving development construction costs and offering reduced property taxes, as well as making land available for new housing. The federal government can contribute capital funding to help create new and repair existing social housing. 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.

Industry and Regulatory Partners

BC Housing works with a wide range of industry partners to strengthen consumer protection for buyers of new homes, including Licensed Residential Builders and Building Envelope Renovators, owner-builders, warranty providers, insurance brokers acting as agents for warranty providers, industry associations, homeowners, homebuyers, other regulatory agencies, educational organizations and building officials. A joint service delivery model involving other partners minimizes program costs.

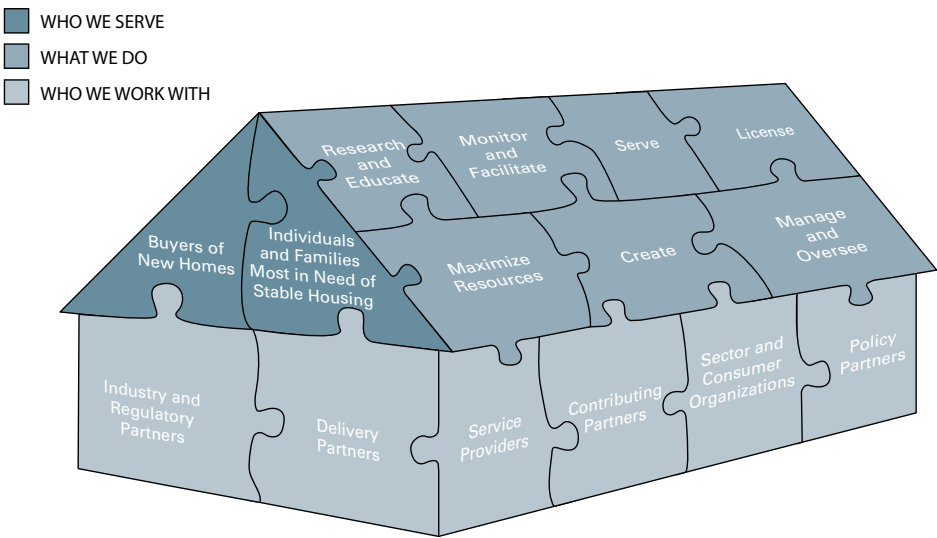
Research and education activities to improve the quality of residential construction continue to be funded primarily by builder license fees and owner-builder authorizations. However, BC Housing works with key industry groups and other levels of government to lever and attract additional funding for cost effective research and education initiatives in the residential construction sector.

Policy Partners

Our policy partners within the Ministry of Public Safety and Solicitor General are responsible for provincial housing policy, building and safety standards and residential tenancy. By working collaboratively, government is able to ensure that BC Housing’s programs and services are integrated and aligned with the provincial housing policy. Our partners across government also include the Ministry of Social Development, the Ministry of Health Services and the Ministry of Aboriginal Relations and Reconciliation.

Sector and Consumer Organizations

BC Housing works collaboratively with housing sector and consumer organizations to create better outcomes and build stronger communities. Organizations include BC Non-Profit Housing Association, the Co-operative Housing Federation of BC and consumer organizations such as the Condominium Home Owners Association of BC.



Key Relationships

This diagram illustrates BC Housing’s relationships with our key partners and how we work together to provide housing options and strengthen consumer protection.

Organizational Structure



Corporate Governance

Board of Commissioners

BC Housing is responsible to the Minister Responsible for Housing through a Board of Commissioners. The government appoints the Board to set operational policy for the organization and, in cooperation with senior management, to set the strategic direction. The Board also monitors BC Housing's 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 guides the conduct for the board, employees, consultants and contractors and suppliers. The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

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

Shareholder's Letter of Expectations

A key component of the governance framework is the Shareholder's Letter of Expectations (SLE). The letter describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The SLE 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 as set out in the provincial housing strategy, *Housing Matters BC*. An excerpt of this letter is shown below, and the letter in its entirety can be found on BC Housing's website, www.bchousing.org/aboutus/about. Through the business and corporate planning processes, we monitor our progress in addressing actions identified in the letter.

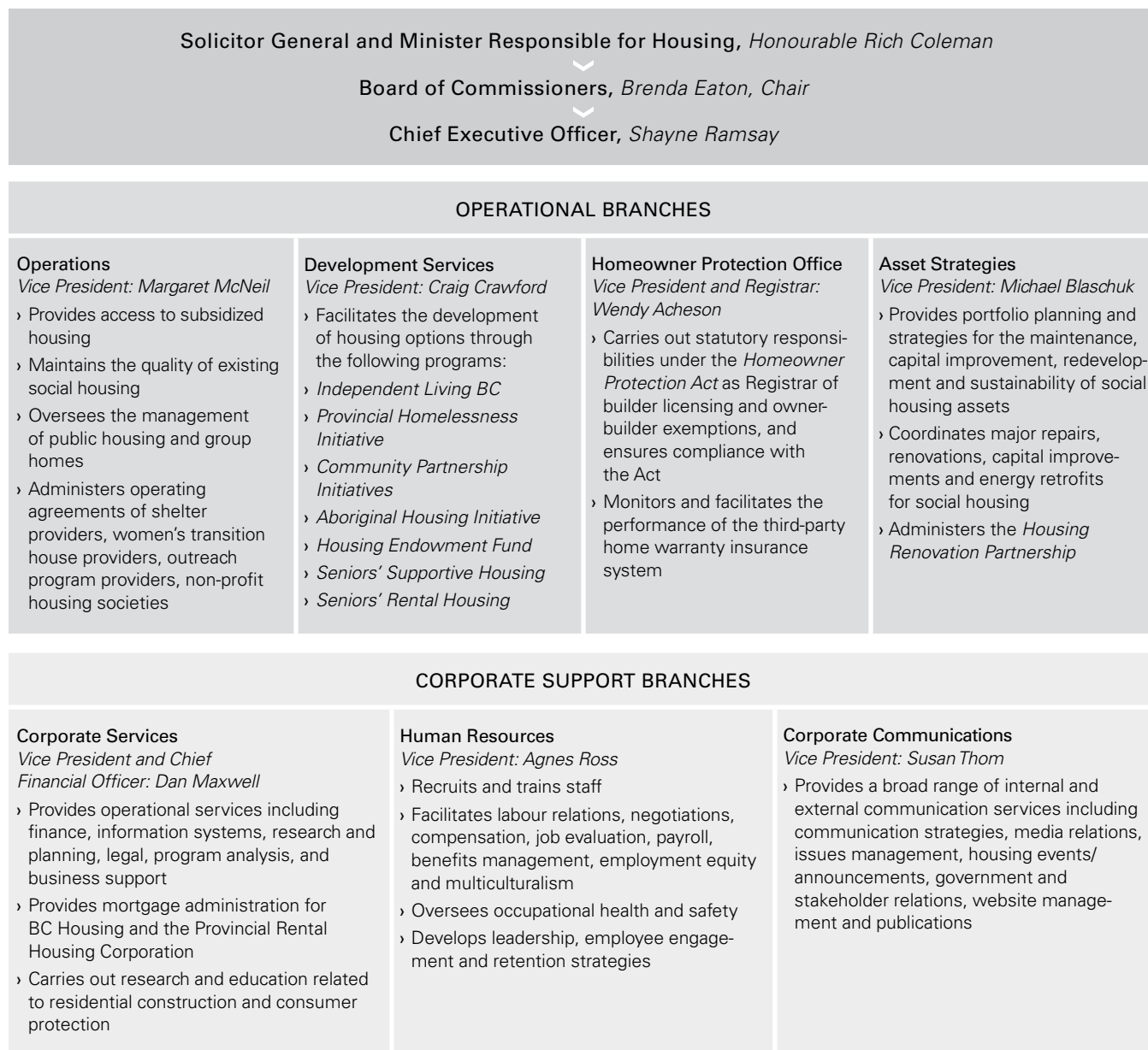
2011/12 SHAREHOLDER'S LETTER OF EXPECTATIONS (EXCERPT)

...the Shareholder directs the Commission to take the following specific actions:

- Implement programs and initiatives that break the cycle of homelessness in British Columbia, including development of supportive housing units through Memoranda of Understanding agreements with local governments.
- Integrate the Homeowner Protection Office within BC Housing, and in particular take advantage of synergies with respect to the research and education function for the benefit of the housing sector and consumers.
- Work in partnership with federal and local governments, non-profit housing providers and the private sector to deliver the *Seniors' Rental Housing* initiative and *Housing Renovation Partnership*.
- Work collaboratively with the Ministry of Public Safety and Solicitor General to support successful implementation of provincial housing strategy *Housing Matters BC* and, through the flat rent policy, increase opportunities for income and disability assistance to clients to reside in BC Housing stock.

Organizational Chart

The following chart highlights BC Housing's key service areas and the responsibilities and accountabilities in each area.



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, 2010, PRHC held properties with an original cost of \$740 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.

Strategic Context



Planning Context and Key Strategic Issues

Our success in meeting our goals and objectives is influenced by many factors. The following is a summary of strategic issues that could affect results in the next three years. A risk-management approach is used to assess challenges and opportunities, and to determine the appropriate strategies for responding. Key financial risks and mitigation strategies are presented in the Financial Overview section on page 44.

FACTORS	CONTEXT	OPPORTUNITIES AND RESPONSES
Strength of the Economy	<p>Possible higher incidence of housing need and greater demand on programs.</p> <p>Fluctuating level of home construction activity affecting revenue collected from new and renewal builder licensing fees, owner-builder authorization fees.</p>	<p>BC Housing will continue to leverage resources through partnerships, strive to deliver services cost effectively and identify new business opportunities along the housing continuum.</p> <p>Adjustments to program delivery related to our responsibilities under the <i>Homeowner Protection Act</i> would be made as required. For example, higher than anticipated revenues increases our ability to deliver research and education programs for residential construction industry and consumers.</p>
Pressures in the Rental Housing Market	<p>Very little purpose-built rental housing is being constructed, and in our urban centres, rents are unaffordable for many people.</p>	<p>Strategic acquisition of existing multi-unit buildings to preserve and upgrade affordable rental housing stock.</p> <p>Create new affordable rental housing through the <i>Seniors' Rental Housing</i> initiative.</p> <p>Partner with non-profit housing providers to explore options for the creation of affordable rental housing.</p> <p>Ensure programs for rent assistance in the private market are fully subscribed and accessible.</p>
Strong Demand for Affordable Housing	<p>The demand for affordable housing exceeds the supply of resources as indicated by the applicants currently listed in <i>The Housing Registry</i>.</p>	<p>Housing resources must be allocated as efficiently as possible to ensure that those in the greatest housing need are given priority. Initiatives are underway to improve both housing application and selection processes, improve our ability to match applicants with suitable housing, and pilot new models of on-site support services.</p>
Homelessness	<p>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 with supports.</p>	<p>Continue to support measures that have been put into place to address homelessness: 24/7 services at emergency shelters, homeless outreach and emergency rent supplements, and development of new supportive housing units through agreements with local governments and non-profits.</p> <p>Work with government and community partners to ensure integration of services for the homeless.</p> <p>Collaborate with community-based organizations to leverage additional resources and expertise in addressing homelessness.</p>

Planning Context and Key Strategic Issues *(continued)*

FACTORS	CONTEXT	OPPORTUNITIES AND RESPONSES
Not-In-My-Back-Yard (NIMBY)	With the focus on developing new housing for those most in need, strong opposition has emerged in some cases as a result of fear and uncertainty. This can lead to delays and obstacles to creating new housing options.	BC Housing works with partners to ensure that communities learn more about new developments. BC Housing also works with the general public and local governments to deal with opposition. Consensus can help move projects forward more easily.
Aging Social Housing Portfolio	Many of the buildings that make up the social housing portfolio, including directly and non-profit managed, are aging and deteriorating.	Portfolio planning provides a focus on strategies for the maintenance, capital improvement, redevelopment and sustainability of the public housing stock, and partnerships with BC Non-Profit Housing Association. Portfolio planning will help create a province-wide capital asset plan for the non-profit housing sector. Funding under the <i>Housing Renovation Partnership</i> enables us to revitalize many social housing developments in need of renovation and retrofit.
Non-profit Housing Sector Sustainability	B.C.'s non-profit housing stock is supported by a large number of housing providers, including many single building providers. In the coming years operating agreements are set to expire, and providers may or may not be in a position to preserve the affordability of their buildings for low-income clients.	BC Housing is working with the BC Non-Profit Housing Association to understand key challenges. This partnership also develops tools and strategies to help providers identify issues and opportunities for their own portfolio, and to effectively plan for the future.
Enhanced Federal-Provincial Relationship	Participation from the federal government is needed to respond more effectively to growing demand for affordable housing.	Funding partnerships with the federal government have expanded to include significant capital investments in social housing in B.C. This includes renovations and retrofits of existing housing as well as the construction of new affordable rental housing for seniors and persons with disabilities.
Aboriginal Capacity Building	The number of Aboriginal people living off-reserve 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 to share technical expertise and knowledge that will lead to the successful transition and management of the off-reserve federal Aboriginal housing portfolio.

FACTORS	CONTEXT	OPPORTUNITIES AND RESPONSES
Environmental Sustainability	Increasing urgency about climate change locally and globally and the need to reverse this trend.	Take action through our <i>livegreen: Housing Sustainability Plan</i> that focuses on innovation in design, construction and management of social housing, guiding and supporting others in taking action towards sustainability, and integrating financial, social and environmental considerations in our decision making.
Labour Market Supply, Aging Demographics and Internal Capacity	The shortage of capable labour and the potential loss of intellectual capital pose a risk to BC Housing's ability to meet our commitment to excellence and to respond to future opportunities and challenges. 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.	Continue attention to our <i>People Strategy</i> to ensure an engaged workforce for the benefit of all clients and stakeholders. This strategy strives to recruit and retain skilled, committed employees, and provides learning and growth opportunities, leadership development and succession planning to meet our commitments today and in the future.

Strategic Directions



Long-term

BC Housing has established eight strategic directions that will guide our activities and strategies over the next five years and beyond, in keeping with our mandate and vision. These strategic directions are reviewed on an annual basis.

- **Homelessness** – take a lead role in resolving homelessness in B.C. by planning, leveraging resources and coordinating efforts through partnerships.
- **Healthier, Independent People²** – focus on support services that assist people to achieve greater independence.
- **Aboriginal Housing** – play a key role in supporting a robust and self-sustaining Aboriginal housing sector.
- **Environmental Sustainability** – become a recognized leader in sustainable social housing management and development in North America.
- **New Opportunities to Create Affordable Housing** – respond to the need for more affordable housing options at the affordable rental and homeownership end of the housing continuum.
- **Sustainability** – continue to be recognized as a leader in sustainability in the housing sector.
- **Professionalization of the Residential Construction Sector** – implement measures to link builder licensing and competency of the licensee.
- **Strong Non-Profit Sector** – help facilitate a stronger, healthier and more professional non-profit sector.

Short-term

We have also identified a number of short-term goals and objectives to help us meet our corporate priorities over the service planning period. These goals and objectives are integrated with our performance measurement framework.

- **Respond to gaps in the housing continuum** – increase housing options and adapt existing social housing stock to target resources to those most in need.
- **Protect and manage existing housing** – maintain the quality of existing assets and set adequate provisions for future requirements.
- **Provide access to appropriate housing and services for vulnerable British Columbians** – improve the ease of access to housing and target existing housing to those most in need.
- **Help bring about improvements to the quality of residential construction and strengthen consumer protections** – deliver an effective licensing and home warranty insurance system to ensure strong consumer protection for buyers of new homes.
- **Organizational excellence** – achieve financial and operating success, environmental leadership in the housing sector and a high level of employee engagement.

² This strategic direction was previously called “Housing with Health and Social Supports.”

Performance Measurement Framework



Introduction

This section sets out BC Housing's goals, objectives, performance measures and targets for 2011/12 to 2013/14. Our Performance Measurement Framework (PMF) provides strong linkages with government's key strategies as set out in *Housing Matters BC*. We continue to focus on ensuring alignment with our long-term strategies and shorter term goals and objectives, and work to strengthen our reporting and measurement framework.

As part of BC Housing's commitment to continuous improvement, adjustments have been made to the reporting methodology for the measure:

- Percentage reduction in greenhouse gas emissions. To date, this measure has been limited to the directly-managed buildings and offices. This year, BC Housing has expanded the scope of this measure to encompass the complete housing portfolio of buildings owned or leased by BC Housing. This has had an effect on future targets.

Additionally, this year also sees the introduction of a new measure, Facility Condition Index (FCI). The FCI measure will be used to monitor the ratio of the repair needs to replacement value of existing assets. The 2011/12 year's target has been set at 30 per cent with future targets set at a cumulative one per cent reduction each year based upon the 2011/12 results.

The new FCI measure replaces the existing measure, "ratio of replacement reserve contributions to annual expenditures." FCI will provide a more robust capital planning tool for maintaining the province's social housing stock.

The other goals, objectives and performance measures from the 2010/11 Service Plan remain unchanged. Targets have been revised for the following performance measures:

- Number of new units/beds created in priority areas;
- Number of new households assisted through rent assistance programs;
- Number of existing units adapted to higher priority needs;
- Percentage of homeless individuals accessing housing who remain housed six months after placement; and
- Percentage reduction in greenhouse gas emissions from 2005/06 levels.

These target adjustments reflect trend data on results achieved, and anticipated performance for the measures over the service planning period. Results are benchmarked externally where possible.

Further information regarding these target changes, as well as more information on our PMF is contained in the Service Plan Appendices:

- Appendix A – Changes in Reporting
- Appendix B – Disclosure of Key Reporting Judgments (includes information regarding data sources, methodology, reliability and benchmarks)

Appendices can be found on our website at www.bchousing.org, look for "Corporate Reports" under the "About BC Housing" tab.

BC Housing Performance Measurement Framework

2011/12 to 2013/14

GOAL		OBJECTIVE		MEASURE	
Goal 1: Respond to gaps in the housing continuum	➤	Housing options	➤	Number of new units/beds created in priority areas	➤
	➤	Adapt existing stock to target resources to vulnerable households	➤	Number of new households assisted through rent assistance programs	➤
	➤		➤	Number of existing units adapted to higher priority needs	➤
Goal 2: Protect and manage existing housing for the long-term	➤	Maintain the quality of existing assets	➤	Percentage of clients reporting satisfaction with the quality and safety of their housing	➤
	➤	Facility Condition Index ³	➤	Percentage of social housing providers meeting financial and operational standards	➤
Goal 3: Provide access to appropriate housing and services for vulnerable British Columbians	➤	Ease of access to housing	➤	Ratio of the repair needs to replacement value of current building components of existing assets (expressed as a percentage)	➤
	➤		➤	Percentage of new applicants reporting satisfaction with the process	➤
	➤	Available housing targeted to vulnerable citizens	➤	Percentage of homeless individuals accessing housing who remain housed six months after placement	➤
Goal 4: Help bring about improvements to the quality of residential construction and strengthen consumer protections	➤	Compliance with the <i>Homeowner Protection Act</i>	➤	Percentage of clients belonging to priority groups in subsidized housing	➤
	➤	Informed and protected consumers	➤	Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements and the owner building exemption ⁴	➤
Goal 5: Organizational excellence	➤	Financial and operating success	➤	Homeowner satisfaction with home warranty insurance on their new home	➤
	➤		➤	Controllable administration costs as percentage of program delivery costs	➤
	➤	Environmental leadership in the housing sector	➤	Per-square-foot construction costs	➤
	➤	High level of employee engagement	➤	Percentage reduction in greenhouse gas emissions from 2005/06 levels	➤
			➤	Employee engagement index	➤

08/09 RESULTS	09/10 RESULTS	10/11 FORECASTS	11/12 TARGET	12/13 TARGET	13/14 TARGET
1,794	1,755	1,481	1,797	1,295	638
9,007	7,011	5,000	6,000	5,000	5,000
1,212	1,248	950	950	950	950
77%	74%	74%	75%	76%	76%
93%	90%	90%	90%	90%	90%
New measure commencing 2011/12			30%	29%	28%
87%	89%	90%	90%	90%	90%
87%	89%	85%	85%	85%	85%
82%	85%	83%	84%	84%	84%
Not surveyed	80%	Not surveyed	82%	Not surveyed	84%
81%	Not surveyed	85%	Not surveyed	88%	Not surveyed
8.2%	8.2%	10% or less	10% or less	10% or less	10% or less
3.95%	4.3%	Within 5%	Within 5%	Within 5%	Within 5%
2%	7%	15%	5% ⁵	5%	5%
Top quartile	Top quartile	Top quartile	Top quartile	Top quartile	Top quartile

³ As part of BC Housing's focus on continuous improvement, we are replacing the existing "Replacement Reserve Ratio" measure with a more comprehensive measure of "Facility Conditions Index" (FCI). The initial target is set at 30%, with future targets set at a cumulative 1% reduction each year from 2011/12 results.

⁴ This measure, along with the next measure "Homeowner satisfaction with home warranty insurance on new homes" was established and tracked over time by the former Homeowner Protection Office. The results and targets are based on two separate third-party surveys (Licensed Residential Builders and owners of homes with warranty insurance) on alternating years.

⁵ In accordance with the governmental requirements pertaining to the GHG Reduction Targets Act (Bill 44 – 2007) and Carbon Neutral Government Regulation (2008), BC Housing has expanded the scope of this measure from only directly managed buildings and offices to encompass the complete portfolio of buildings owned or leased by PRHC. Therefore the 5% reduction target will now be applied across the entire property portfolio.

Goal 1 – Respond to Gaps in the Housing Continuum

One of our key goals is to respond to gaps along the housing continuum and expand the range of housing choices and supports for British Columbians in greatest need. We do this by creating new subsidized and supportive housing units through our housing supply programs and initiatives, providing direct cash assistance to low-income seniors and families renting in the private market, and adapting existing social housing to target those in greatest need. Each of these strategies is reliant on establishing successful partnerships with non-profit housing providers, government partners, the private sector and community organizations.

Objective: Increasing Housing Options

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

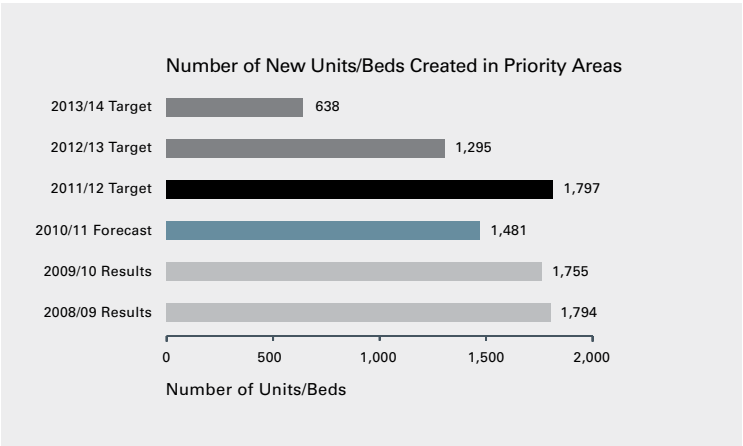
Importance of the Measure

This measure monitors BC Housing’s performance regarding the creation of new housing units on the supportive end of the housing continuum.

The targets are based on the completion of units under existing funding programs, such as *Independent Living BC*, *Provincial Homelessness Initiative*, *Community Partnership Initiatives*, *Aboriginal Housing Initiative* and through Memoranda of Understanding negotiated with local governments. These programs add new housing units for priority groups identified as being our “most vulnerable,” such as frail seniors, Aboriginal households, persons with physical and mental disabilities as well as individuals who are homeless, many of whom are living with mental illness, addictions and other challenges.

The provision of affordable rental housing for seniors and disabled individuals is also a priority. As such, the federal-provincial program *Seniors’ Rental Housing* initiative for low- and moderate-income seniors and persons with disabilities was created in 2009/10. Units created under this program are also included in this measure and will be reported separately.

Targets are based on the number of new housing units (or short-stay emergency beds in some cases) that can be created under existing funding programs.



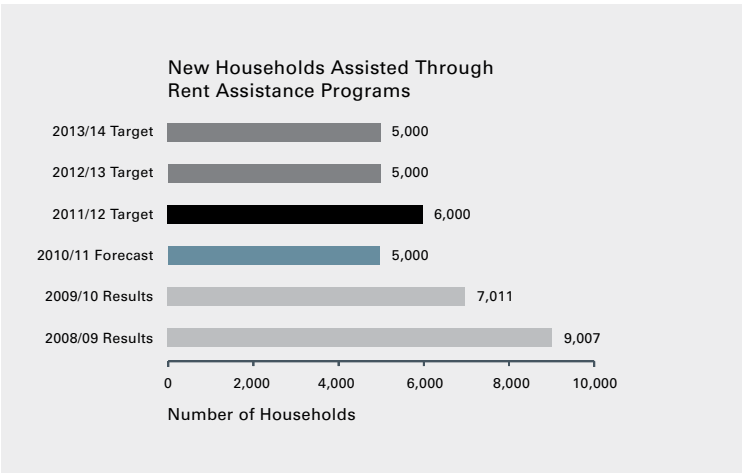
Objective: Increasing Housing Options *(continued)*

MEASURE: NUMBER OF NEW HOUSEHOLDS⁶ ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

Importance of the Measure

This measure monitors the success of BC Housing’s rent assistance programs, *Shelter Aid for Elderly Renters* and the *Rental Assistance Program*, in improving access to private market rental housing for low-income households. These programs bridge the financial gap between what a household can afford to pay and current market rents, thereby providing a greater range of housing choice for working families and seniors. It should be noted that where the *Shelter Aid for Elderly Renters* and *Rental Assistance Program* provide assistance for those renting within the private market, affordable social housing options continue to be provided across the province, through a variety of BC Housing’s programs.

It is anticipated that the number of new households will increase to 6,000 in 2011/12 as more people become eligible for assistance during a slower period in the economy. Following this, it is expected that over the next few years take-up for rent assistance programs will remain fairly constant.



⁶ A “new household” is defined as a household that is receiving rent subsidies for the first time, or a household that is re-entering the relevant program after a minimum of 3 months without any subsidy. Please see Appendix B: Disclosure of Key Reporting Judgments for more information.

Goal 1 (continued)

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

MEASURE: NUMBER OF EXISTING UNITS ADAPTED TO HIGHER PRIORITY NEEDS

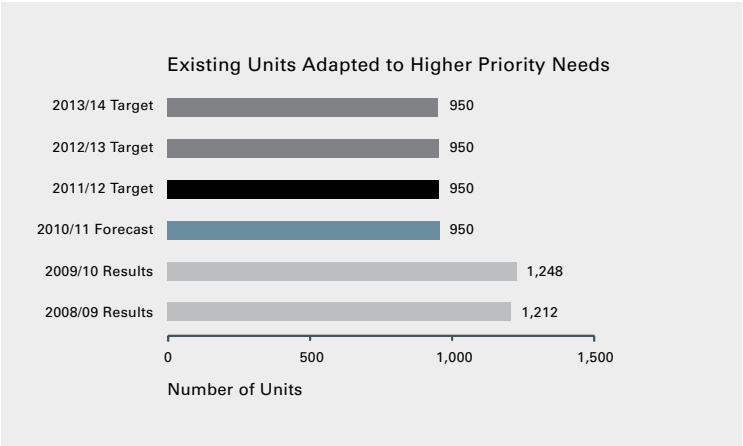
Importance of the Measure

This measure monitors BC Housing’s performance in ensuring that those most in need receive priority for housing assistance through the conversion, adaptation or re-targeting of existing social housing units.

Programs developed and included under this measure provide supportive housing for the homeless and affordable housing for Aboriginal people, seniors and persons with disabilities.

Partnerships, including those with local health authorities, government ministries, community court, local agencies and service providers, and the use of the *Supportive Housing Registry* are critical to achieving our targets.

Targets are based on historical data on the number of individuals and households assisted through the *Health Services* and *Priority Placement* programs, and access to the non-profit managed housing stock of single room occupancy hotels, as well as other anticipated partnership initiatives.



Goal 1: Future Directions

The creation of new units, in partnership with housing providers, community organizations and government partners remains a priority. As we continue to move forward with new initiatives to build social housing for those in greatest need of particular importance will be the ongoing development of supportive housing for the homeless as identified through Memoranda of Understanding with local governments across the province.

Additionally, we continue to work with our partners in the non-profit and private sectors to explore opportunities to create more housing options at the affordable rental and ownership end of the housing continuum.

We continue to adapt existing social housing to meet changing needs, and where possible, continue to establish partnerships with community groups and service providers to increase access to social housing and support for people who are in greatest need.

Goal 2 – Protect and Manage Existing Housing for the Long-term

Supported through partnerships with non-profit societies, the current social housing portfolio in British Columbia represents home for over 97,400 individuals and families in communities across the province. This housing contributes to the quality of life for residents and to the social fabric of communities. Of the entire portfolio, BC Housing directly manages 7,200 homes which are considered public housing.

To ensure there are adequate housing options available to support those in need, our strategies to meet this goal include annual enterprise portfolio planning to provide a greater focus on strategies for the maintenance, capital improvement, redevelopment and sustainability of the public housing stock. We are also working with BC Non-Profit Housing Association towards the creation of a province-wide capital asset plan for the non-profit housing sector. Funding under the *Housing Renovation Partnership* will enable us to revitalize many social housing developments in need of renovation and retrofit.

Our performance in meeting this goal is measured from a variety of perspectives, including tenant satisfaction, the success of social housing providers in meeting financial and operational targets, and the level of funding set aside for future improvements to the housing stock.

Objective: Maintain the Quality of the Existing Assets

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

Importance of the Measure

Feedback from tenants living in public housing that is owned and directly managed by BC Housing is obtained through an annual survey. The results help BC Housing determine whether tenants are satisfied with their housing and are receiving the services and support they need. Year-over-year results are analyzed across developments and client groups, thereby helping to provide important insight into our tenants’ experience. The survey results are then used to strengthen and improve the services provided.

The measure reports on the percentage of tenants indicating that they are either “very satisfied” or “satisfied” with their overall housing situation. Future targets are slightly lower than historical results reflecting several factors: a change in the survey methodology (see Appendix B: Disclosure of Key Reporting Judgments for details), our emphasis on providing housing to more vulnerable clients. In addition, significant repair and energy retrofits are being undertaken with the help of the federal-provincial infrastructure funding, and some tenants may be finding the construction period stressful. Strategies are being put into place to provide additional supports to tenants and to help address issues that are identified with the quality and safety of their housing.



Goal 2 *(continued)*

Objective: Maintain the Quality of the Existing Assets *(continued)*

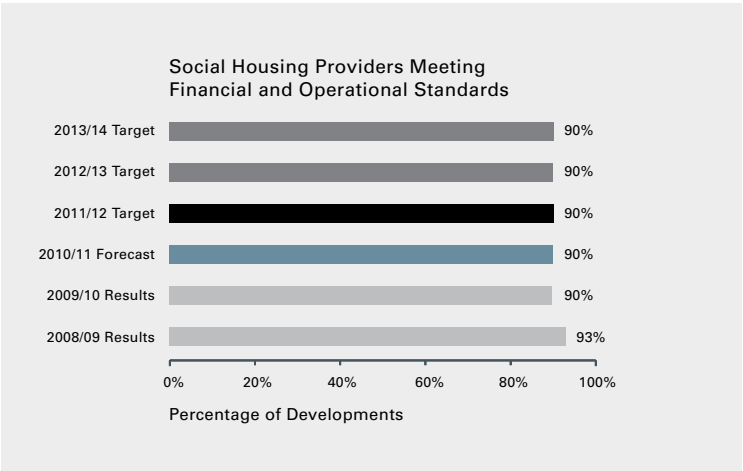
MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

Importance of the Measure

This measure ensures social housing is well managed, well maintained, and protected for the long-term through financial and operational reviews. The operational review process is based upon site and building audits designed to assess each housing provider’s performance in the following key areas: maintenance and building inspections; financial management; resident management; information and records management; and human resource management. A score is assigned based on the assessment and appropriate follow-up actions taken.

The target of 90 per cent over the service planning period anticipates that the housing sector will continue 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.

While no changes are being applied this year, as part of our focus on continuous improvement, this measure will be reviewed with respect to the implementation of a new operational review process to ensure alignment. Several non-profit housing providers are participating in a pilot study, providing us the opportunity to implement and document improved processes. It is anticipated that the operational and financial review modifications will come into effect in the 2012/13 reporting year.



Objective: Adequate Provisions for Future Requirements

NEW MEASURE: FACILITY CONDITION INDEX

Importance of the Measure

As part of BC Housing’s focus on continuous improvement, we are introducing the Facility Condition Index (FCI) measure in this Service Plan.

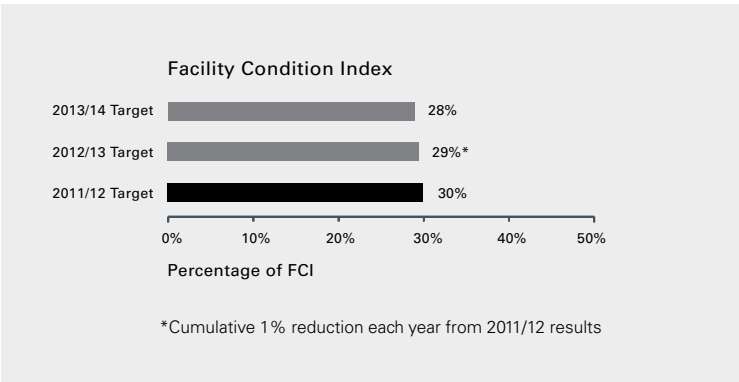
A valuable strategic decision-making tool, BC Housing is currently using FCI to assist with investment decisions and strategic directions regarding capital works and budgets for the social housing portfolio. Technological advancements regarding FCI monitoring have made this a robust option for asset management and as such, it is appropriate to replace the ratio of replacement reserve contributions to actual expenditures measure to FCI.

The benefits of replacing the existing replacement reserve measure with the FCI measure include:

- Improved capital planning;
- Increased transparency about a property’s condition;
- Maintenance of accurate facility condition data; and
- Ability to effectively demonstrate the need for increased funding for deferred maintenance and capital renewal to improve the housing stock.

An FCI is obtained by aggregating the total cost of any needed or outstanding repairs, renewal or upgrade requirements at a building compared to the current replacement value of the building. It is the ratio of the “repair needs” to “replacement value of current building components” expressed in percentage terms. Land value is not considered when evaluating FCI. Further details regarding the FCI methodology are contained in Appendix B: Disclosure of Key Reporting Judgments; however, in brief, FCI is the ratio of the repair needs to replacement value of current building components expressed in percentage terms for both the public and non-profit housing stock.

It is proposed that the 2011/12 year be used to confirm our target of 30 per cent and additionally provide a foundation on which to base future targets and timelines. Once confirmed, commencing the 2012/13 year will see the inclusion of external benchmarking. A lower FCI value corresponds to an improved building condition. The initial baseline in 2011/12 is forecasted to be 30 per cent. The long-term goal is to reduce the FCI from 30 per cent to 15 per cent, thereby ensuring that existing housing is maintained in an appropriate or fair condition. Future targets are set at cumulative one per cent reductions, each year, based upon the 2011/12 results.



Goal 2: Future Directions

Over the next two years BC Housing will continue its revitalization projects at over 100 developments in need of repair and renovation in communities throughout the province under the *Housing Renovation Partnership* initiative, in partnership with the federal government and non-profit organizations, thereby extending the life of these buildings for years to come. Operational and financial review processes will continue to be strengthened with the non-profit sector and will likely result in revisions to performance reporting in this area.

BC Housing has been developing long-term strategies for our housing assets, bringing a stronger focus and greater capacity to plans for the maintenance, capital improvement, redevelopment and environmental sustainability of the public housing stock. The FCI measure will be a valuable tool for the identification, prioritization and management of BC Housing’s assets and associated capital and maintenance works. An effective planning tool, the FCI provides a greater level of detail and transparency around capital improvement and redevelopment projects, down to the level of the life cycle of building components.

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

Ensuring that low-income individuals and families in greatest need have access to the housing and support services they require is one of BC Housing’s highest priorities. Many households face significant barriers to accessing housing in the private market, either as a direct result of financial challenges or in combination with a disability, health issue, mental illness, addiction or other serious circumstance such as domestic violence.

Access to subsidized housing, from emergency shelter and transition houses to long-term supportive housing, plays a critical role in providing stability and needed services. Given the urgency of need, it is important to ensure that these limited housing resources are used as effectively as possible.

Our strategies to meet this goal include the implementation of measures to break the cycle of homelessness and connecting individuals to the housing continuum through emergency shelter services and homeless outreach. We have also enhanced our housing application and selection processes to improve our ability to match applicants in greatest need with suitable housing, and piloted new models of on-site support services.

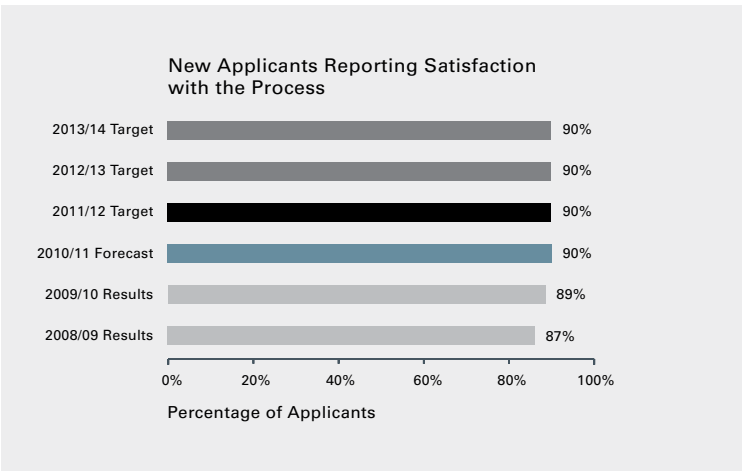
Objective: Ease of Access to Housing

MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

Importance of the Measure

This measure monitors our performance from an applicant perspective by assessing the degree to which they receive the information they need 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 “very satisfied” or “satisfied” with the entire application process, including the information that they received and the assistance provided through BC Housing. Satisfaction levels are monitored closely to review the effects of revised tenant eligibility and selection processes (which enable BC Housing to prioritize applicants based on the depth and urgency of their housing need) and the higher level of detailed application information required for priority access to housing.



Objective: Ease of Access to Housing *(continued)*

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

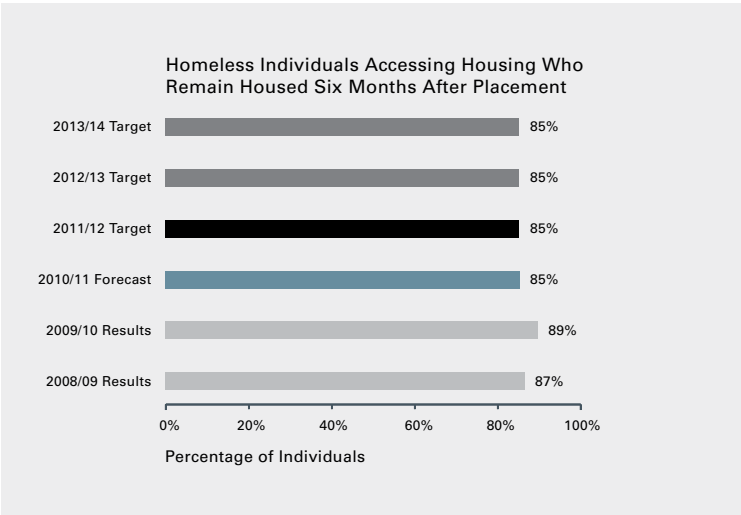
Importance of the Measure

Measuring the percentage of individuals accessing housing and remaining housed six months after placement enables BC Housing to assess the effectiveness of programs and initiatives that have been implemented to break the cycle of homelessness, and shifts our monitoring efforts to be more focused on outcomes.

This measure takes into account the number of homeless people that become housed, through emergency shelter services and homeless outreach programs, in stable accommodations and in many cases with appropriate supports in place. Monitoring housing status at six months is an indicator of stabilization, and the longer an individual is housed, the greater the likelihood they will remain housed.

Targets are maintained at 85 per cent over the service planning period, reflecting the success of the measures that have been put in place to break the cycle of homelessness, as well as the serious health issues and other circumstances that may prevent some individuals from retaining stable housing.

Additional information for this measure is provided in Appendix B: Disclosure of Key Reporting Judgments, to provide details and context related to the methodology, data sources, and reliability.



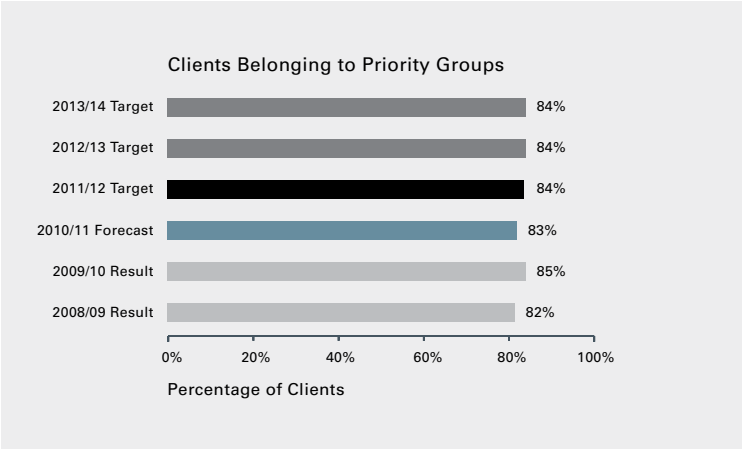
Goal 3 (continued)

Objective: Available Housing Targeted to those Most in Need

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

Importance of the Measure

This measure allows us to monitor our performance in ensuring that those in greatest need receive priority assistance for housing. For the purposes of this measure, low-income or frail seniors, persons with physical or mental disabilities, those with mental illness, women and children who have experienced domestic violence, those facing alcohol and drug addiction challenges, Aboriginal families and individuals, and those who are homeless or at risk of homelessness are considered to be among those in greatest housing need. The targets are set to reflect the number of social housing households that fall within one of the designated priority groups, as well as anticipated number of new and acquired housing units, all of which are targeted to priority groups, coming on stream during the service planning period.



Goal 3: Future Directions

Ensuring that those in greatest need have access to housing and support services remains an ongoing priority for BC Housing. We continue to build on existing partnerships and seek opportunities to create new partnerships with housing providers and community organizations. These partnerships enable us to deliver outreach, shelter and supportive housing services to those most in need. With our government and community partners we continue to focus on improved integration of programs and services that play a critical role in moving people from the street to stable housing, ensuring that the supporting services assist people to remain housed, thereby breaking the cycle of homelessness. Monitoring and reporting on these kinds of outcomes underpins the valuable work undertaken. Our participation in the Homelessness Intervention Project and establishment of the *Supportive Housing Registration Service* are examples of strong government and community partnerships leading to positive outcomes for the homeless.

The purchase and renovation of single room occupancy hotels, at various locations throughout the province, preserves this existing fragile housing stock, continues to provide additional opportunities for housing individuals, assisting them to break the cycle of homelessness and, in many instances, is the first step on the path towards more independent housing.

Work continues with the sector organization partners and service providers to finalize a program framework and monitoring tools that support the *Women's Transition Housing and Supports Program*. This program continues to focus on strengthening links to the housing continuum for women and children fleeing violence.

The development of strategies to ensure that individuals and families living in the public housing stock have access to a range of community supports needed to have successful and stable tenancies will continue as part of our core services.

Goal 4 – Help bring about improvements in the Quality of Residential Construction and Strengthen Consumer Protections

Under the *Homeowner Protection Act* a wide range of activities are carried out by BC Housing in partnership with industry and consumer organizations to provide consumer protection for buyers of new homes and ensure continuous improvements in the quality of residential construction. These activities enable us to help generate greater value through strengthening consumer confidence and supporting a thriving residential construction sector in British Columbia.

Our strategies to meet this goal include working collaboratively with industry and consumer representatives to “raise the bar” of professionalism in residential construction, use best practices for the administration of the Homeowner Protection Office’s (HPO) compliance and enforcement functions, create a guide to provide advance information to both residential builders and owners of new homes as to how warranty providers will evaluate claims for defects in design, labour or materials, and finally to provide an enhanced public registry of all licensed builders and new homes enrolled under the *Homeowner Protection Act*. Our research and education initiatives seek to identify knowledge gaps and facilitate and disseminate research to support quality residential construction and consumer protection.

The following two measures are directly associated with the Homeowner Protection Office, which is a new branch within BC Housing in 2010/11. Each of these measures is monitored through bi-annual surveys which are completed and reported on an alternating basis.

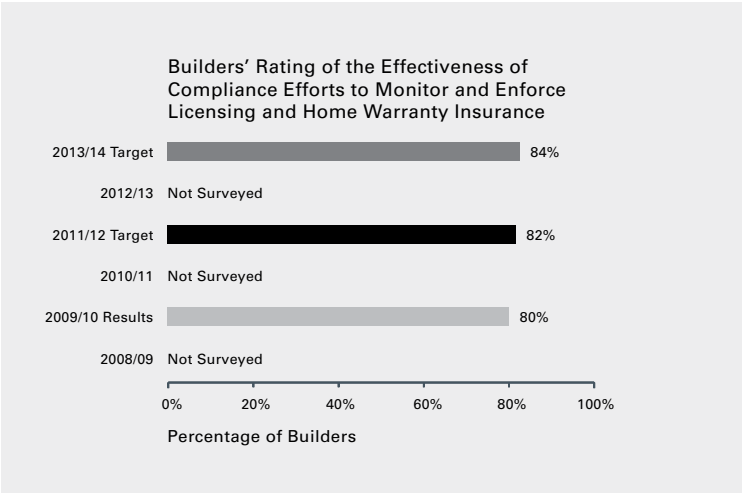
Objective: Compliance with the *Homeowner Protection Act*

MEASURE: BUILDERS’ RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER BUILDER EXEMPTION

Importance of the Measure

This measure is an indicator of the overall health of the builder licensing, home warranty insurance and owner-builder exemption system whereby compliance issues are dealt with quickly and effectively. This assessment is best done by industry participants (builders) who operate their businesses within the regulatory framework established by the *Homeowner Protection Act*.

The target is based on past trends and projects further improvements in builders’ rating of compliance efforts.



Goal 4 (continued)

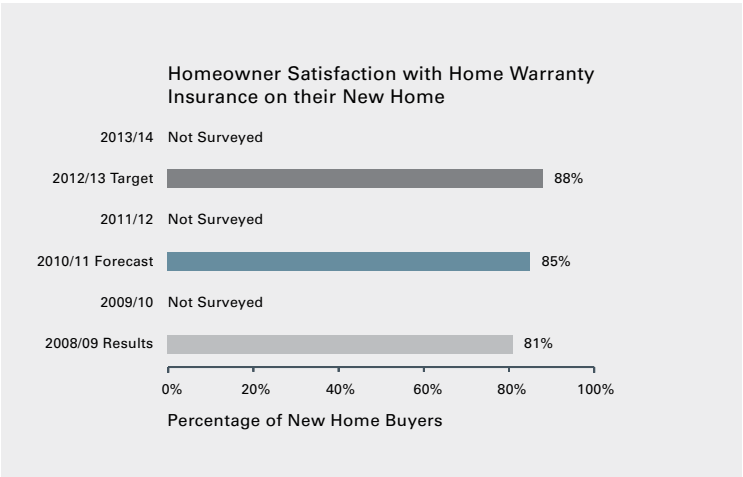
Objective: Informed and Protected Consumers

MEASURE: HOMEOWNER SATISFACTION WITH HOME WARRANTY INSURANCE ON THEIR NEW HOME

Importance of the Measure

Buying a new home can be one of the largest investments that an individual or family will make in their lifetime. It also provides a strong sense of stability and security. This measure tracks homeowner satisfaction with the protection provided by home warranty insurance. Higher levels of satisfaction are supported by consumers’ understanding of the home warranty insurance product (including knowledge of their obligations related to warranty insurance), an informed home-buying process, the quality of construction of their home and the extent to which a defect, if it occurs, is adequately addressed and resolved.

Targets are based on past trends and reflect improved performance in future years.



Goal 4: Future Directions

Professionalization of the residential construction sector will continue to be a priority moving forward through a collaborative process with industry and consumer representatives to “raise the bar” in the industry. We will also promote new and existing products and related education initiatives for consumers, specifically access to the *New Home Registry*, consumer guides on buying a home and the home warranty insurance system, and maintenance bulletins for owners of new homes. Through our *Building Smart* seminars, held each spring and fall, we will continue to support and disseminate research and education initiatives relative to the continuous improvement of residential construction in B.C., and facilitate the use of this research in the development and application of best practices and standards. Research and education programs will focus on the integration of new building technologies that support quality and cost effective residential construction.

An emerging priority for this sector is the proposed Building Code renewal which is closely integrated with a review of how the built environment is managed as a whole throughout the province.

Goal 5 – Organizational Excellence

Providing cost-effective solutions and value for money is central to BC Housing’s success in carrying out our mandate. The measures for this goal are about ensuring that we deliver the best possible services in a cost effective and responsible manner.

Our strategies include identifying organizational and operational efficiencies, and ensuring that appropriate structures and processes are in place to control costs and manage risks. Our *People Strategy* supports organizational excellence by building on the skills, energy, talent and passion of the staff who work at BC Housing.

Providing environmental leadership in the housing sector by setting targets to reduce greenhouse gas emissions and also ensuring social housing buildings contribute to sustainable community development are a key component of this goal. As such, the measure has been enhanced to broaden the existing scope and provide further opportunities for us to demonstrate government’s commitment to our *livegreen: Housing Sustainability Plan*.

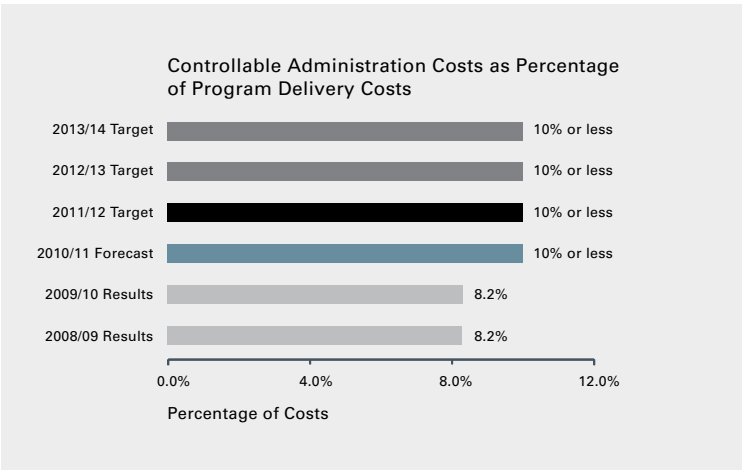
Objective: Financial and Operating Success

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

Importance of the Measure

This 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 targets are set to ensure that BC Housing continues to maintain this level of performance that is benchmarked with other organizations with similar mandates and scope.



Goal 5 (continued)

Objective: Financial and Operating Success (continued)

MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

Importance of the Measure

This measure benchmarks the per-square-foot construction cost of new social housing with comparable developments in the private sector.

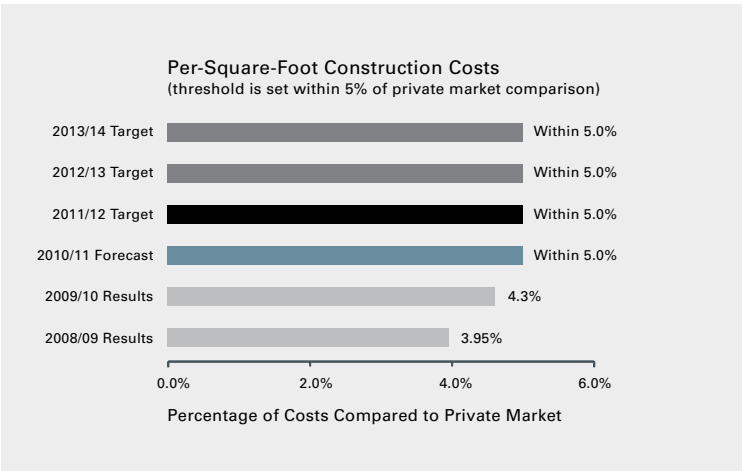
Due to the nature of the construction and redevelopment work carried out by BC Housing, it is challenging to find comparable projects within the private sector, especially in a period of economic downturn where the private sector has not been developing many projects. This measure relies on the use of independent external verification to analyze the degree of variance between the per-square-foot construction costs for non-profit developments compared to comparable private-market developments

Each year, a list of substantially completed wood-framed BC Housing projects is provided to a third party cost consulting firm for review. The list contains projects developed under BC Housing’s various programs. The cost consultants identify projects that can most closely be compared with projects developed in the private sector during the same period.

Results are triangulated against standard industry measures and cost data. Adjustments are made to reflect the design standards and requirements that in some cases exceed the standards and features provided in private-market developments.

Additional disclosure around the methodology used for this measure has been included in Appendix B: Disclosure of Key Reporting Judgments, to provide more context around the types of projects including in the comparison study.

This is an important measure of the cost effectiveness of our development practices within the broader residential construction industry. The targets reflect construction costs that are comparable with the market and demonstrate value-for-money. Cost pressures, such as the cost of materials and availability of skilled labour, are monitored on an ongoing basis.



Objective: Environmental Leadership in the Housing Sector

MEASURE: PERCENT REDUCTION IN GREENHOUSE GAS EMISSIONS

Importance of the Measure

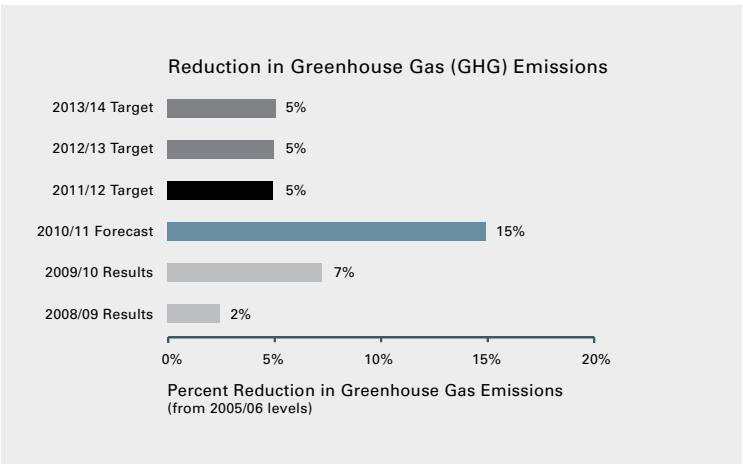
This measure monitors BC Housing’s progress in reducing greenhouse gas (GHG) emissions produced by the day-to-day operations of buildings within the housing portfolio.

BC Housing introduced this measure in 2008/09, in response to commitment by the Province that all public sector organizations would comply with the scope and standards identified in the *Greenhouse Gas Reductions Target Act* and the Carbon Neutral Government Regulations. Recognizing the importance of a commitment to GHG reductions, BC Housing proactively set ambitious targets, ensuring that all directly managed stock and offices met a five per cent GHG emissions reduction, per year, from the 2005 levels.

In 2011/12, BC Housing has broadened the scope of this measure to monitor GHG emissions across the entire housing portfolio of buildings owned or leased by BC Housing. For the next three years, the new overall target of five per cent reduction in GHG emissions (from the amended 2005 levels) will remain constant. By revising this measure’s methodology, BC Housing has been able to set an ambitious target that more accurately reflects our commitment to GHG reductions. The new target, an expansion on the existing calculation, continues to include the cumulative five per cent GHG reductions, per year, for the directly managed stock plus an added reduction of five per cent for an additional housing stock incorporated into this measure as of 2011. As with the previous methodology, the five per cent reductions for new stock will use 2005 levels as a baseline. Although the target will remain constant at five per cent below 2005 levels for the next three years, the housing portfolio will continue to increase each year, with current projections indicating that the housing portfolio will double by 2013. It is anticipated that these targets will be met through the continued reduction in energy usage through the retrofitting and upgrading of existing sites partnered with our standard practice of building highly energy efficient new social housing.

The calendar year 2010 marks the first year that BC Housing will become carbon neutral after purchasing carbon offsets of an equivalent value of our 2010 GHG emissions. Carbon offsets will be purchased from the Pacific Carbon Trust.

Further disclosure about this measure can be found in Appendix A: Changes to Reporting, and Appendix B: Disclosure of Key Reporting Judgments.



Goal 5 (continued)

Objective: High Level of Employee Engagement

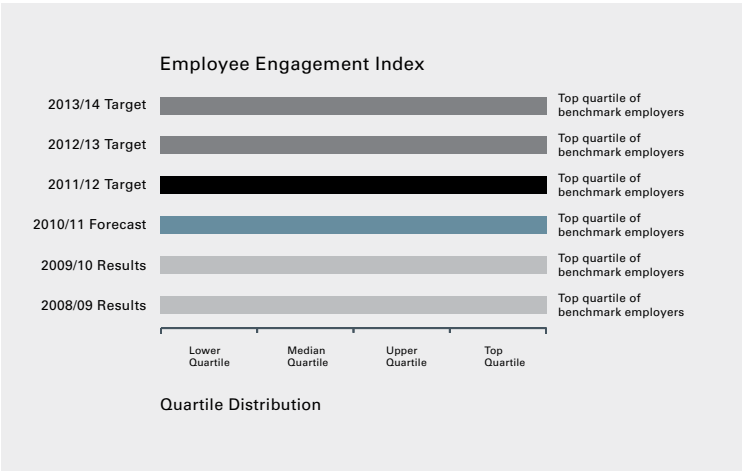
MEASURE: EMPLOYEE ENGAGEMENT INDEX

Importance of the Measure

BC Housing’s employees play a critical role in organizational performance. Employee engagement is a productivity indicator, based on employee satisfaction and motivation. A focus on employee engagement fosters an environment of greater creativity, innovation, organizational excellence and customer service. A significant contributor to an engaged workforce is access to leadership, learning and growth opportunities, which serve to meet business objectives as well as the personal aspirations of employees.

A strong culture of employee engagement has enabled us to identify and develop, employee driven, community focused initiatives. Our *Community Connections Program* provides opportunities for staff to support the needs of charitable organizations in B.C. that complement our core values and business objectives.

The measure is based on an annual survey conducted each December by a third party that gathers feedback from staff on different aspects of their work environment. In 2009, the survey yielded a response rate of 71 per cent and data accurate to within +/-2.56 per cent at a 95 per cent confidence level. Benchmarking is conducted by the independent survey company against a database developed over 12 years using employer information across Canada and the United States. 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 our *People Strategy*.



Goal 5: Future Directions

BC Housing’s focus on customer service, organizational excellence and innovation helps us to be a responsive organization and effectively deliver on our core business areas and key goals in a cost effective manner. Our continued focus on the multi-year *People Strategy* is a critical element in moving forward, in recruiting, retaining and engaging our employees. Our *livegreen: Housing Sustainability Plan* and our *livegreen* Employee Council demonstrate our vision of promoting our employees to become leaders in environmental sustainability in the housing sector.

Financial Overview



Summary Financial Outlook

The following table reflects the financial projections for the planning period including funding contributions from other partners.

SUMMARY OF FINANCIAL RESULTS AND BUDGET PROJECTIONS – 2005/06 TO 2013/14

(in thousands of dollars)

	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast	2013/14 Forecast
Revenues									
Provincial Share *	200,274	318,644	351,690	429,457	390,738	499,988	521,635	369,175	368,411
Federal Share	102,904	135,852	141,270	142,461	165,245	229,842	202,176	137,013	136,178
Other **	39,944	43,044	46,802	54,730	64,640	64,482	65,793	67,183	68,528
Total Revenues	343,122	497,540	539,762	626,648	620,623	794,312	789,604	573,371	573,117
Expenditures									
Housing subsidies	180,621	329,479	337,133	380,981	400,552	566,488	547,947	337,862	346,002
Rent Assistance	23,144	33,142	45,517	64,022	73,334	72,537	80,144	80,218	80,371
Building repairs and maintenance	71,491	59,044	68,804	60,629	32,849	28,809	28,871	29,224	29,616
Operating costs	32,684	36,423	47,862	55,772	62,889	68,348	70,090	71,578	73,037
Other Costs	35,114	39,346	40,313	65,153	50,973	58,130	62,552	62,109	62,471
Total Expenditures	343,054	497,433	539,629	626,557	620,597	794,312	789,604	580,991	591,497
Excess of revenues over expenditures***	68	107	133	91	26	–	–	(7,620)****	(18,380)****
Net Assets	1,143	1,249	1,382	1,473	1,499	1,499	1,499	(6,121)	(24,501)

* In 2011/12 this includes funding of \$496.0 million provided directly by the provincial government to BC Housing, an additional \$14.6 million from the *Housing Endowment Fund* and \$11.0 million provincial funding through other partnering ministries.

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

*** Provincially approved budget deficits for 2012/13 and 2013/14.

**** Funding will be drawn from the Provincial Rental Housing Corporation to cover the excess of revenues over expenditures.

The above chart shows BC Housing's actual and forecasted revenues and expenditures from 2005/06 through 2013/14. The 2011/12 total budget is forecasted at \$789.6 million, more than doubling the actual expenditures of 2005/06.

Revenue fluctuations are primarily the result of provincial and federal funding (see "Contributions" chart on page 43). The steady growth in revenue from 2005/06 through 2008/09 was the result of numerous initiatives to improve housing options for the most vulnerable.

Variances in revenue from 2009/10 through 2012/13 are primarily the result of the annual distribution of capital grants for federal and provincial infrastructure initiatives. Each of these initiatives has a three year funding envelope (2009/10 to 2011/12) with funding distributed based on project construction schedules:

- Provincially funded capital grants to increase the supply of housing for those at risk of homelessness under the Memoranda of Understanding with municipalities and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games have a three year funding envelope of \$233.3 million;
- Provincial/federal cost shared grants for infrastructure projects to increase the supply of provincially owned housing for seniors and persons with disabilities have a three year funding envelope of \$135.0 million;

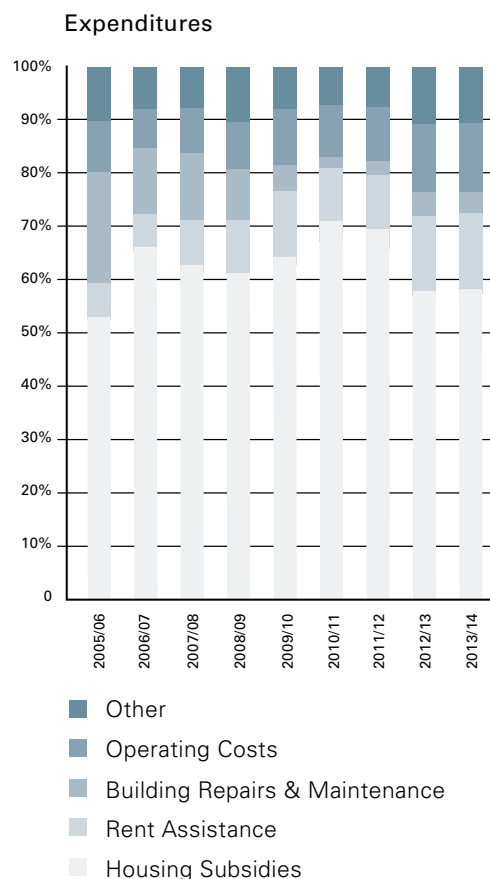
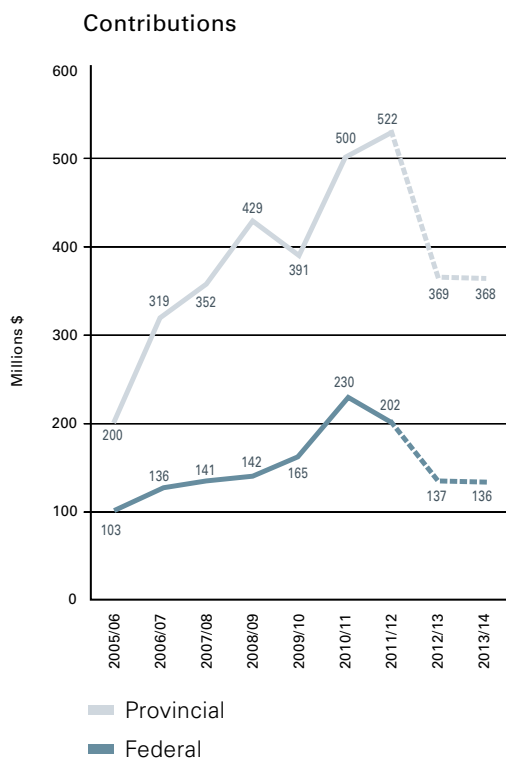
- Provincial/federal cost shared grants to renovate and modernize aging publicly-owned housing stock have a three year funding envelope of \$137.1 million; and
- Federal grants under the *Affordable Housing Initiative* have a three year funding envelope of \$31.7 million.

Providing funding for operational and support costs related to housing those at risk of homelessness under the Memoranda of Understanding with municipalities will result in deficits for BC Housing in 2012/13 and future years. The future years' deficits are offset by the estimated earnings from the *Housing Endowment Fund* and the cash proceeds from the sale of Little Mountain, which will be recognized as a substantial gain in the 2011/12 PRHC financial statements.

Housing subsidies make up the majority of BC Housing's expenditures (see "Expenditures" chart on page 43). In 2010/11 this reaches a peak of \$566 million, and then drops in future years as the infrastructure grant initiatives complete. Rent assistance has been growing consistently since 2005/06 as a result of improvements to the *Shelter Aid for Elderly Renters program* and the implementation of the *Rental Assistance Program*. It is expected to stabilize at approximately \$80 million. Building repairs and maintenance will drop from \$71 million in 2005/06 to a forecasted \$30 million in 2013/14, as a result of modernisation work being funded through infrastructure grants.

Operating costs will grow from \$33 million in 2005/06 to a forecasted \$73 million in 2013/14 as BC Housing takes on the operation of single room occupancy hotels purchased between 2007 and 2009. "Other costs" have grown, but continue to stay at or below 10 per cent as BC Housing implements strategies to ensure administrative costs remain manageable.

As a branch of BC Housing, the Homeowner Protection Office is fully self-supporting, and is anticipated to generate approximately \$5 million in revenues through the collection of builder licensing fees. This revenue will fund costs associated with the licensing and home warranty insurance system, as well as research and education respecting residential construction and consumer protection.



Key Financial Risks, Sensitivities and Risk Mitigation Strategies

The chart below summarizes our key financial risks, sensitivity analysis and mitigation strategies.

KEY FINANCIAL RISKS	SENSITIVITIES RISK MITIGATION	STRATEGIES
Mortgage/ interest rate fluctuations	<ul style="list-style-type: none"> A one per cent increase above the budgeted mortgage rate would increase housing subsidies by about \$2.7 million in 2011/12 and up to \$5.3 million in 2012/13 	<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
Investment returns fluctuations	<ul style="list-style-type: none"> Volatility in the global financial markets impacts the rate of return on investments 	<ul style="list-style-type: none"> Engage sound investment managers that balance risk and return over the long-term Diversify the portfolio with a strategic asset mix of various financial instruments such as equities and bonds Review and rebalance the strategic asset mix as required
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 \$1.9 million in 2011/12 	<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 one per cent increase above the budgeted consumer price index would increase expenses by \$0.9 million in 2011/12 	<ul style="list-style-type: none"> Bulk purchasing for insurance, natural gas and appliances Best operational and management practices by housing providers

BC Housing's Business Overview

The tables below provide an overview of BC Housing's key activities and expected results for 2011/12.

Key Activities and Expected Results for 2011/12

GOVERNMENT ASSISTED HOUSING (UNITS)*		CONSUMER PROTECTION & INCREASED QUALITY OF RESIDENTIAL CONSTRUCTION	
Emergency Shelter and Housing for the Homeless	10,740	New Homes Enrolled in Home Warranty Insurance	25,000
Transitional Supported & Assisted Living	19,730	Residential Builders Licenses	5,000
Independent Social Housing	41,940	Owner Builder Exemption Authorizations	3,000
Rent Assistance in the Private Market	25,010	Research & Education Initiatives	
Total Units	97,420		

CONTRIBUTIONS AND EXPENDITURES			
Funding		Expenses	
Provincial Government	\$510.6M**	Emergency Shelter & Housing for the Homeless	(\$190.4M)
Federal Government	\$202.2M	Transitional Supported & Assisted Living	(\$185.7M)
Tenant Rent	\$47.5M	Independent Social Housing	(\$324.9M)
Provincial Partnering Ministries	\$11.0M	Rent Assistance in the Private Market	(\$83.6M)
HPO Fees	\$5.0M	HPO Administration, Research & Education	(\$5.0M)
Other	\$13.3M		
Total	\$789.6M	Total	(\$789.6M)

*Due to the diverse number of programs delivered by BC Housing, the term "unit" may refer to either a bed, room, apartment or household assisted through a rental subsidy program. Units may differ between programs and/or within programs, depending on the program delivery requirements and available resources.

**Includes *Housing Endowment Fund*.

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