

BC Housing

2018/19 – 2020/21 SERVICE PLAN

February 2018



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Board Chair Accountability Statement

The 2018/19 - 2020/21 BC Housing Service Plan was prepared under the Board of Commissioners' direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of February 20, 2018 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BC Housing's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BC Housing's operating environment, forecast conditions, risk assessment and past performance.



Cassie J. Doyle
Board Chair

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Strategic Direction and Alignment with Government Priorities

BC Housing works in partnership with the private, non-profit and co-operative sectors, provincial health authorities and ministries, other levels of government and community groups to develop a range of housing options. BC Housing also has responsibilities related to licensing of residential builders, home warranty insurance, and research and education to improve the quality of residential construction and consumer protection. The *United Nations Declaration on Indigenous Peoples* and the *Truth and Reconciliation Commission of Canada: Calls to Action* are incorporated as appropriate into our operations and business practices. Further information about BC Housing is provided in Appendix A.

This Service Plan describes BC Housing's goals for the 2018/19 to 2020/21 period, which are aligned with and support the provincial government's priorities and the 2018/19 Mandate Letter provided by the Minister of Municipal Affairs and Housing. In 2018/19, over 111,600 households or approximately 225,000 people are expected to directly benefit from provincial government affordable housing programs in communities across the province.

The goals, objectives and strategies contained in this three-year Service Plan are key steps towards the provincial government's commitment of developing a long-term strategy to address housing affordability and homelessness, and creating new affordable market rental, non-profit, co-op, supported social housing and owner-purchase housing.

BC Housing is aligned with the Government's key priorities as described below.

Government Priorities	BC Housing Aligns with These Priorities By:
Making life more affordable	<ul style="list-style-type: none"> • Creating safe, affordable and functional housing for British Columbians (Goal 1)
Delivering the services people count on	<ul style="list-style-type: none"> • Creating safe, affordable and functional housing for British Columbians (Goal 1) • Supporting a strong non-profit and co-op housing sector (Goal 2)
A strong, sustainable economy	<ul style="list-style-type: none"> • Supporting a strong non-profit and co-op housing sector (Goal 2) • Enhancing Indigenous partnerships related to housing (Goal 3) • Providing leadership in sustainability and residential construction (Goal 4)

Our [2018/19 Mandate Letter](#) will inform our actions for the coming year with nine strategic actions:

- Both directly and in partnership with local governments, the federal government, Indigenous peoples, the private, non-profit, and co-op sectors, develop new and innovative affordable housing solutions for people who are homeless or at risk of homelessness, persons with disabilities, and low-income seniors, families and youth;
- Develop, facilitate and support partnerships across the housing sector to encourage more affordable housing supply for middle income and working households, including opportunities for new housing co-operatives, shared equity housing models, land trusts and other new and innovative housing or tenure models;

- Support the preservation of existing affordable housing stock, including subsidized and private rental units;
- Ensure the appropriate allocation of project level funding based on need and alignment with provincial priorities,
- Support the Ministry of Social Development and Poverty Reduction in the implementation of a Homelessness Action Plan, including permanent housing and housing support services;
- Demonstrate leadership in affordable, energy efficient housing, in partnership with industry;
- In partnership, empower a self-administered Indigenous housing sector and support Indigenous-led housing initiatives;
- Complete the review of BC Housing and report out with recommendations to improve operations, performance and comprehensive governance, including opportunities to realign resources at BC Housing to further support provincial priorities; and
- Assess opportunities to support government's priority to deliver a province wide universal child care program that is safe, accessible and affordable, and provide a report to the Minister by March 31, 2019.

Operating Environment

There are a range of factors influencing the internal operating environment. BC Housing's People Strategy continues to support strong employee engagement, retention and recruitment, and helps to build learning and leadership capacity across business areas to help us deliver on our mandate and new initiatives. The initiatives generated by the People Strategy will be particularly important considering workload pressures and new staffing requirements related to new provincial housing affordability programs covering the full breadth of the housing continuum, to be delivered commencing in 2018/19 and in ensuing years. As well, we will continue to seek improvements in our service delivery, including working with the Ministry of Municipal Affairs and Housing on a review of BC Housing that will be completed in 2018/19.

In terms of our external operating environment for 2018/19, continued housing demand, a restricted supply of homes for sale or rent, and low vacancy rates will put pressure on market conditions, resulting in home price appreciation and increased rental rates. We will play an important role in helping to mitigate these pressures in many communities, as new affordable housing projects complete and new provincial initiatives get underway including, for example, the implementation of new supportive modular housing projects for people experiencing homelessness, investments into new supplies of affordable housing and enhancements to rental assistance programs.

Favourable factors that may improve performance results in 2018/19 include increased federal government involvement in housing. BC Housing expects to work proactively with the federal government on the recently announced federal [National Housing Strategy](#) and look forward to additional resources from the federal government towards affordable housing over the next several years. We work closely and engage with local governments as they endeavor to address the need for more affordable housing; recent examples include the [Housing Vancouver Strategy](#) and the Union of British Columbia Municipalities' housing strategy, [A Home for Everyone](#). As well, new and innovative partnerships with community organizations and First Nations will help to contribute towards increasing affordable housing supply and resolving local housing issues.

Unfavorable factors include rising construction costs and emerging trades shortages. These factors create timing and cost pressures on new housing developments and capital renewal projects. There is also the potential for higher interest rates that may affect financing costs for new development, subsidy levels and the overall housing market. Pressure for additional funding for capital repairs and renewals will continue in 2018/19 due to aging and deterioration of social housing stock and climate change adaptation considerations. However, new initiatives, including new provincial maintenance and capital renewal funding to protect existing social housing, as well as new business protocols and adaptations to programs and business practices, are planned or in place to address these risks and opportunities.

Performance Plan

This performance plan describes BC Housing's goals, objectives and performance measures for 2018/19 to 2020/21. This plan was developed in partnership with our responsible ministry, the Ministry of Municipal Affairs and Housing. We engage with the Ministry on an ongoing basis through quarterly accountability meetings with the Deputy Minister and Assistant Deputy Minister where performance measures are monitored. BC Housing will continue to work with the Ministry on future initiatives and projects to effectively deliver our mandate.

Goal 1: Create safe, affordable and functional housing for British Columbians

Safe, affordable and functional housing is the foundation of healthy people, families and communities. This goal describes BC Housing's contribution to making life more affordable for British Columbians through increasing the supply of affordable housing, including rental, non-profit, co-op and owner-purchase housing.

Through BC Housing, direct government investment in the creation of new affordable housing will support people in need, including families, seniors, youth, people with disabilities, Indigenous peoples, those experiencing homelessness and at risk of homelessness, and women and children fleeing abusive relationships.

In addition to direct investment into new supply, BC Housing will also develop, facilitate and support partnerships across the housing sector to encourage more affordable housing supply for middle income and working households, sometimes referred to as the "missing middle". Partnerships within the community housing sector will lead to the creation of new housing co-operatives, shared equity housing models, land trusts and other new and innovative housing or tenure models. The community housing sector refers to a wide range of local partners who have a stake in building a long-term supply of permanent housing, and includes non-profit and co-operative housing organizations and housing providers, community land trusts, local governments, First Nations charities and faith based groups, as well as the private sector and financial institutions (Source: [An Affordable Housing Plan for BC, BC Housing Coalition, 2017](#)). Community sector partnerships will also involve the participation of the Federal government through new programs to be delivered as part of the National Housing Strategy.

Compared to the previous Service Plan, this goal and its two objectives have been significantly revised to reflect the new provincial approach and increased investments into affordable housing.

Objective 1.1: Increase affordable housing supply with government financial assistance

This objective focuses on new provincial government investments and funding initiatives that will increase the supply of affordable housing and help address housing issues experienced in communities across the province.

Key Strategies:

- Respond to the housing and support needs of people who are homeless by creating modular supportive housing and new permanent supportive housing. Related strategies include:
 - Develop public engagement tools to assist our partners in responding to concerns and questions arising from communities over new supportive housing developments;
 - Review the current plan for the redevelopment of Riverview including the principles that were established to guide the re-use of these public lands, and how this will contribute toward addressing the housing needs of people experiencing homelessness as well as complex and severe mental illness and addiction, in support of the work of the Ministry of Mental Health and Addictions; and
 - Support the Ministry of Social Development and Poverty Reduction to develop a Homelessness Action Plan and a homeless count in 2018.
- Increase the supply of supportive housing for vulnerable people including Indigenous peoples, women and children who have experienced violence or are at risk of experiencing violence, youth, people with disabilities and seniors through partnerships with provincial ministries, community agencies, housing providers, First Nations and local governments.
- Increase the supply of new affordable rental and social housing (through non-profit providers and housing co-operatives) for low-income families and seniors, including mixed income projects.
- Assess opportunities for inclusion of child care facilities within new affordable housing developments where appropriate.
- Deepen the level of affordability for existing housing projects currently under development.
- Enhance rental assistance programs to make rents in the private market more affordable for low income seniors and working families with children.
- Provide financial assistance to make home modifications more affordable for low-income British Columbians with mobility or health issues, so that they can continue to live in their home.

Performance Measures		2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
1.1a	Number of households that benefit from provincial housing programs for affordable and supportive housing	105,140	106,500	111,638	116,176	121,923
1.1b	Number of supportive housing units created ¹	963	1,925	1,637	1,036	1,301
1.1c	Number of affordable housing units created, including affordable rental and social housing as well as owner-purchase homes ¹	1,041	1,496	1,901	1,922	2,646
1.1d	Number of households receiving rental assistance in the private market	31,329	32,100	35,250	36,500	38,000

¹Data Source: BC Housing's Central Property System database.

²This measure includes two programs: Shelter Aid for Elderly Renters (SAFER) and Rental Assistance Program (RAP)

Linking Performance Measures to Objectives:

1.1 These measures describe BC Housing's contribution towards creating and facilitating more supply of affordable housing through provincial programs. It identifies the number of supportive and affordable housing units created and households receiving rental assistance.

Discussion:

BC Housing anticipates that approximately 111,638 households will benefit from provincial housing programs for affordable and supportive housing in 2018/19. This overall number is inclusive of the new units created and households identified under measures 1.1b through 1.1d, as well as households assisted through additional existing programs. Future targets are based on the completion of new units created through acquisition or new construction, and anticipated program take-up for rent assistance programs. Targets reflect planned program funding levels and new provincial investments under *Budget 2017 Update* and *Budget 2018*.

Objective 1.2: Foster partnerships to create more affordable housing without ongoing government financial assistance or operating subsidies

The objective relates to how BC Housing can better support the work of the community housing sector to create more affordable housing that does not require ongoing government financial assistance or subsidies.

While it is recognized that the Province, through BC Housing, is the largest funder for housing affordability initiatives, fully addressing housing affordability issues requires partnerships and contributions at every level. BC Housing, with its development expertise and relationships with the non-profit and co-op sectors, First Nations and the Indigenous housing sector, as well as local governments and the private sector, is poised to facilitate productive partnerships to confront the most serious barriers to the creation of affordable homes in the province.

Key Strategies:

- Establish a new partnerships office at BC Housing to actively bring together non-profits, developers, landowners, lenders, and others in the community housing sector to increase the supply of affordable rental and owner purchase housing.
- Work with the provincial government, including the Ministry of Municipal Affairs and Housing, to identify and advance innovative new approaches by local governments to support the efficient delivery of affordable homes.
- Research new models and approaches to promote the development of affordable housing, e.g., design and tenure options, innovative financing, land trusts, shared equity housing models etc., to support community housing partners in their efforts to increase affordable housing supply.

Goal 2: Support a strong non-profit and co-op housing sector

Tackling British Columbia's housing affordability challenges will require expanding the range of partnerships and collaborations with community partners, including the non-profit and co-op housing sector, and the Aboriginal Housing Management Association who administer social housing for Indigenous peoples. Joint strategies will be required to support and strengthen the sector's capacity so that it can fully participate in creating new affordable housing and enhance its significant role in addressing housing needs in communities.

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

BC Housing works with over 800 housing providers across the province in the provision of subsidized housing. As such, BC Housing has many tools, such as development services and construction financing, that enable it to play a role in supporting and enabling the sector to leverage its significant asset base to create more affordable housing supply, and to also help facilitate capital renewals of existing social housing stock. These efforts will further support the culture of partnerships, innovation, creativity and social entrepreneurship that is emerging within the sector.

Key Strategies:

- Identify opportunities within BC Housing's ongoing operational review process to help housing providers seek opportunities to identify potential improvements to their financial, operating and governance practices. Operational reviews are conducted at least every three years to review the administration and management of a non-profit's housing operations.
- Review existing social housing operating agreements and programs to provide greater flexibilities and tools to non-profits to support financial sustainability.
- Work with BC Non-Profit Housing Association (BCNPHA) to identify and carry out initiatives that will support non-profit capacity in such areas as governance, strategic partnerships and innovation.
- Work with the co-operative housing sector to support its capacity and efforts to increase the supply of affordable housing within the province.

Performance Measure	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
2.1 Percentage of non-profit housing provider financial reviews carried out by BC Housing within five months from date of submission ¹	52%	55%	60%	65%	65%

¹ Data Source: BC Housing's Central Property System database

Linking Performance Measures to Objectives:

2.1 This is an interim measure that focuses on the completion of the financial reviews of non-profit housing providers by BC Housing. This interim measure reflects BC Housing's commitment to streamline and prioritize our financial and operational review practices.

Discussion:

A timely financial review process enables housing providers to know, with accuracy, what their budget will be for the year ahead, and helps to avoid situations of subsidy overpayments or underpayments which must be later addressed. An accurate budget provides partners with the certainty needed to provide consistent services. Future targets demonstrate improvement over the current baseline level of 52 per cent of financial reviews carried out within five months. As mentioned above, BC Housing is working with BCNPHA to create a new measure for this objective.

Objective 2.2: Protect existing social housing

This objective focuses on the capital renewal and rehabilitation needs of the approximately 51,000 social housing units in B.C. over the long-term. The average age of the social housing stock is approximately 35 years, and many buildings are approaching a time when major building components require replacement or repair. Therefore, while increasing the supply of housing is an important focus of the province and BC Housing, it is equally important that the condition of existing social housing be maintained and in good condition for the people living in it now and to future generations. BC Housing addresses this priority by working with housing providers to identify priority capital renewal projects, and by providing funding for maintenance and rehabilitation through various programs.

Key Strategies:

- Significantly increase capital renewal and rehabilitation funding for existing social housing to:
 - Prevent the condition of social housing buildings from deteriorating.
 - Carry out needed seismic, life and safety and energy performance improvements.

Performance Measure	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
2.2 Facility condition index ¹	18%	17% to 22%	17% to 22%	17% to 22%	17% to 22%

¹ Data Source: Data used to calculate the FCI is from condition assessments of building systems, sub-systems and components.

Linking Performance Measures to Objectives:

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

Discussion:

The target, set at 17 to 22 per cent over the three-year period, reflects an acceptable service level for buildings and building conditions for tenants. The FCI is calculated using a five-year projected average of the condition of the stock rather than looking at the current year only. This approach is

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

Goal 3: Enhance Indigenous partnerships

Indigenous peoples are over-represented among British Columbians experiencing housing affordability problems, inadequate housing and overcrowding. Most seriously, Indigenous peoples are significantly over represented among those who are experiencing homelessness. BC Housing works with Indigenous housing providers and First Nations to create relationships, enhance partnerships and increase community self-reliance for building affordable housing solutions that respect cultural and historic traditions.

Objective 3.1: Facilitate opportunities that increase a self-reliant Indigenous housing sector

BC Housing works towards meeting this objective in two ways: partnerships with the Aboriginal Housing Management Association, which has the responsibility to administer provincial social housing delivered by Indigenous housing providers off reserve in British Columbia; and partnerships with Aboriginal organizations, communities and First Nations communities in building new housing and increasing capacity in maintenance and capital asset management.

Key Strategies:

- Invest new funding to create affordable and supportive housing specifically for Indigenous peoples, including on and off-reserve housing.
- Create more housing options for Indigenous peoples by maximizing the number of affordable housing units created for Indigenous peoples through all programs and partnerships.
- Help improve housing conditions on First Nation reserves through partnerships on asset management, capital planning and homeowner education.
- Leverage opportunities to promote employment, skills training and business development for Indigenous peoples through the delivery of our program and business activities.
- Help grow and sustain a strong Indigenous housing sector through a range of initiatives including existing development programs, support to the Aboriginal Housing Management Association, and partnerships for the delivery of education and training to Indigenous housing providers and First Nations.
- Provide BC Housing staff with opportunities to gain a stronger understanding of the cultural aspects related to Indigenous partnerships and housing, and continue to ensure that the *United Nations Declaration on Indigenous Peoples* and the *Truth and Reconciliation Commission of Canada: Calls to Action* are incorporated as appropriate into our operations, business practices and partnerships.

Performance Measure	2016/17 Actuals	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
3.1 Progressive Aboriginal Relations (PAR) certification ¹	Gold	Gold	Gold	Gold	Gold

¹ Data Source: Data to validate the certification results is generated and held by the Canadian Council for Aboriginal Business. This measure is conducted on a three-year cycle. BC Housing will apply for recertification in 2018.

Linking Performance Measures to Objectives:

3.1 [Progressive Aboriginal Relations Certification \(PAR\)](#) is a nationally recognized third-party assessed indicator of an organization's commitment to Indigenous relations in four areas: employment, business development, community investment and community engagement. BC Housing's broad range of initiatives and partnerships with Indigenous organizations are assessed by the Canadian Council for Aboriginal Business. Assessment results are certified at a bronze, silver or gold level. BC Housing is the only social housing provider in Canada to be certified under the PAR program.

Discussion:

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

Goal 4: Leadership in residential construction and sustainability

The goal brings together two areas where BC Housing has significant leadership opportunities and synergies: our responsibilities under the *Homeowner Protection Act* to work with the residential construction industry to improve the quality of residential construction, and our commitment to environmental and social responsibility while delivering housing programs and services.

Objective 4.1: Promote consumer protections and compliance with the *Homeowner Protection Act*

This objective focuses on our responsibility to strengthen consumer protection for buyers of new homes and to work with the industry to improve the quality of residential construction.

Key Strategies:

- Continue to implement and refine the builder qualification system and owner builder exemption.
- Improve warranty provisions of the *Homeowner Protection Act* regulation to strengthen consumer protections.
- Identify further opportunities, such as manufactured housing, to improve consumer protection measures.

Performance Measure	2016/17 Actuals	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
4.1 Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements, and the owner-builder exemption regarding home warranty insurance ¹	85%	80% or higher	80% or higher	80% or higher	80% or higher

¹ Data Source: Annual Licensed Residential Builder Survey.

Linking Performance Measures to Objectives:

4.1 This is a measure of the overall health of the builder licensing, home warranty insurance and owner-builder authorization system, whereby compliance issues are dealt with quickly and effectively by the Licensing and Consumer Services branch (formerly known as the Homeowner Protection Office branch). Assessment of performance is best done by industry participants (licensed residential builders) that operate their businesses within the regulatory framework.

Discussion:

Future targets are based on past trends, recognition that reducing instances of non-compliance continues to be an area for business improvement, and strategic initiatives underway to enhance compliance efforts each year over the three-year service planning period. The targets remain constant over the next three years as 80 per cent or higher represent a good level of performance.

Objective 4.2: Environmental leadership in the housing sector

As part of our responsibilities under the *Homeowner Protection Act*, we also partner with industry and government partners to initiate [technical research and education](#) projects that promote the durability and energy efficiency of new residential construction. Research findings are applicable across both private and social housing sectors. BC Housing plays a prominent role in ensuring the dissemination of findings across sectors, for example, improving energy performance of multi-unit buildings and providing building enclosure design guidelines. Our technical research and education activities also support provincial priorities related to building codes and standards, such as the new Energy Step Code.

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

Key Strategies:

- Promote energy efficient, low carbon approaches and sustainability in affordable housing created through our programs.
- Initiate climate change adaptation research and planning with respect to social housing and residential construction in the private sector.

- Initiate technical projects in partnership with industry and government related to the quality and sustainability of residential construction.
- Implement our *livegreen* Housing Sustainability Plan with a concentration on:
 - Integration of financial, social and environmental considerations in decision-making.
 - Innovation in the design, construction and management of housing.
 - As a change agent, guiding and supporting others in taking actions towards sustainability.

Performance Measure	2016/17 Actuals	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
4.2 Percent reduction in greenhouse gas emissions from 2005 levels ¹	Reduction of 31%	Reduction of 20% to 25%	Reduction of 25% to 30%	Reduction of 25% to 30%	Reduction of 30% to 35%

¹ Data Source: This measure is based on data provided directly from utility companies and compiled by an external consultant. In accordance with legislative requirements, the targets and results are based on a calendar year, e.g., results for 2017 are reported in the 2017/18 Annual Report.

Linking Performance Measures to Objectives:

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

Discussion:

Targets for the performance measure “percent reduction in greenhouse gas emissions from 2005 levels” were revised to reflect anticipated improved performance. Targets, each of which is a comparison to the 2005 level, i.e., not cumulative, take into account anticipated changes to the housing portfolio over the service planning period. BC Housing has increased its future targets by five per cent from the 2017/18 – 2019/20 Service Plan released in September 2017 to better reflect Government’s direction and new investments into the existing stock of social housing. These new targets are set to achieve a 25 per cent to 30 per cent reduction in GHG emissions from the 2005 level. The baseline, which was calculated across the housing portfolio in 2005, has been maintained to compare our reductions. Targets consider anticipated changes to the housing portfolio.

Financial Plan

BC Housing's Summary Financial Outlook

(\$000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Revenue				
Provincial Share *	533,764	1,091,596	1,169,440	1,443,163
Federal Share	226,310	140,446	97,044	92,150
Other **	60,047	48,095	47,972	48,011
Total Revenue	820,121	1,280,137	1,314,456	1,583,324
Expenses				
Housing Subsidies	572,397	994,653	999,975	1,261,213
Rental Assistance	118,057	147,266	175,266	180,266
Salaries and Labour	58,385	67,683	68,695	70,541
Operating Expenses	25,765	25,374	25,248	25,224
Building Maintenance	15,757	15,230	14,943	15,235
Office and Overhead	12,152	11,951	11,871	11,894
Utilities	8,597	8,910	9,175	9,448
Grants in lieu of Property Taxes	7,467	7,109	7,322	7,542
Research and Education	1,495	1,336	1,336	1,336
Interest Expense	49	625	625	625
Total Expenses	820,121	1,280,137	1,314,456	1,583,324
Net Income from Operations	-	-	-	-
Total Debt	5,000	5,000	5,000	5,000
Accumulated Surplus /Retained Earnings	198,075	198,075	198,075	198,075
Total Capital Expenditures	5,000	4,000	3,000	3,000

* 2018/19 includes funding of \$778.6 million provided directly by the provincial government to BC Housing, \$283.2 million from the *Housing Priority Initiatives Special Account*, \$12.9 million from the *Housing Endowment Fund*, and \$16.9 million from other partnering ministries/agencies.

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

The Summary Financial Outlook chart above shows BC Housing's actual and forecasted financial outlook from 2017/18 through to 2020/21. In 2018/19, BC Housing's total revenue is forecasted to be \$1.280 billion.

Revenues

Over 96 per cent of BC Housing's revenues are contributions received from the provincial and federal governments.

Provincial Contributions

In 2018/19, BC Housing is forecasting to receive total provincial contributions of \$1.092 billion.

Provincial contributions that fund operating and support costs are forecasted to be \$751.4 million in 2018/19. This contribution will provide funding for a variety of existing housing initiatives and programs such as the *Shelter Aid for Elderly Renters (SAFER)*, the *Rental Assistance Program (RAP)*, the *Provincial Housing Initiative*, *Independent Living BC*, *Women's Transition Housing and Supports*, the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program*, the *Emergency Shelter Program*, the *Memoranda of Understanding* with local governments, the *SRO Renewal Initiative* and the *Non-Profit Asset Transfer* program. Beginning in September 2018, investments into rental assistance programs totalling \$23.3 million in 2018/19, increasing to \$46.3 million annually beginning in 2019/20, will be made. These investments will fund increases to the monthly benefits provided under *SAFER* and *RAP*, as well as enhancements to *RAP*'s eligibility criteria, reducing the percentage of income eligible recipients pay towards rent.

Provincial contributions that fund operating and support costs includes \$283.2 million in 2018/19 from the *Housing Priority Initiatives (HPI) Special Account*. This funding will be used for ongoing operating costs and the operating and support subsidy for the modular units of supportive housing announced in the *Budget 2017 Update* in September. An additional \$50 million from the *HPI Special Account* in 2018/19, increasing to \$93.4 million in 2020/21, will provide funding to non-profit societies to maintain the condition and safety of their buildings and to improve their overall energy performance. Another \$102.5 million in 2018/19, \$253.8 million in 2019/20 and \$244.0 million in 2020/21, is provided for capital grants to increase the number of affordable housing units for singles, families, seniors and Indigenous peoples.

In 2018/19, \$340.2 million in provincial contributions will be invested in capital projects. This includes 1,700 units under the *Affordable Rental Housing* program and the completion of 2,000 modular units of supportive housing announced as part of the *Budget 2017 Update*. Also included and new for *Budget 2018* is \$26.5 million in 2018/19, \$84.1 million in 2019/20 and \$195.4 million in 2020/21 for the construction of 1,000 units of permanent supportive housing for individuals experiencing or at risk of homelessness, and 800 units of transition housing for women and children fleeing abuse. Funding to address the maintenance and renovation requirements of the provincially-owned social housing stock increases by \$24.3 million annually and includes funding for energy performance upgrades and to improve life safety components of the buildings such as fire safety retrofits and seismic improvements.

Federal Contributions

In 2018/19, BC Housing is forecasting to record federal contributions of \$140.4 million which will reduce to \$92.2 million in 2020/21. These contributions decline year over year as grants become fully

allocated under of the *Canada/BC Investment in Affordable Housing* agreement extension which provided \$150.1 million from 2014/15 through 2018/19 and the *Social Infrastructure Fund* agreement which provided \$150 million from 2016/17 through 2017/18. The expiration of operating agreements for projects under older federally funded programs also contributes to the reduction.

Other Contributions

The remaining revenues are from tenant rent and other sources including builder licensing fees. The Licensing and Consumer Services branch of BC Housing is fully self-supported from the collection of builder licensing fees that are anticipated to generate approximately \$6 million in revenue annually. This revenue will fund costs associated with the licensing and home warranty insurance system, as well as research and education in residential construction and consumer protection.

Expenditures

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

Housing subsidies make up the majority of BC Housing's expenditures, accounting for 78 per cent of the total expenses. These are ongoing subsidies provided to non-profit societies as well as one-time capital grants for new construction or renovation of subsidized housing. Beginning in 2018/19, significant increases to housing subsidies reflect one-time capital grants provided to new projects and the commencement of ongoing operating and support subsidies once the projects are operational. Funding reflects the new projects captured within the 2018/19 – 2020/21 Service Plan period, including 2,000 units of modular supportive housing, 1,000 units of permanent supportive housing for individuals experiencing or at risk of homelessness and/or substance abuse challenges, 800 units of transition housing for women and children fleeing abuse, and 9,200 units of affordable rental housing for singles, families, seniors, and Indigenous peoples.

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

Administration costs are made up of salaries and labour paid to BC Housing employees, office and overhead costs incurred in administrating the housing portfolio, as well as research and education. These costs are expected to increase as additional staff are required to deliver and administer the new projects and programs.

Operational costs which include operating expenses, utilities, and grants in lieu of property taxes show little change. Slight increases are expected in utilities as well as grants in-lieu of property taxes.

Building maintenance costs are expected to remain constant at approximately \$15 million annually.

Key Forecast Assumptions, Risks and Sensitivities

The following assumptions have been used in the forecast:

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

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

Provincial Rental Housing Corporation

The net income projected for the Provincial Rental Housing Corporation (PRHC) is primarily the result of gain on sales generated from the transfer/sale of land and buildings. The 2017/18 forecast is reflective of this being the final year of land transfers to non-profit housing providers under the *Non-Profit Asset Transfer* program. The proceeds from these transfers will be reinvested into social housing.

Summary Financial Outlook

(\$000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Net Income	39,750	-	-	-

Management's Perspective on the Financial Outlook

New investment continues to be made into affordable, social, supportive and market housing. More new housing will be developed as BC Housing partners with local governments, the federal government, Indigenous peoples, and the private, not-for-profit, and co-op sectors to develop new and innovative affordable housing solutions for people who are homeless or at risk of homelessness, persons with disabilities, and low income seniors, families and youth.

Over the next three years the Province will make new investments of \$906 million towards the construction of 6,100 units of new affordable rental housing, permanent supported housing and transition housing and will provide grants to deepen the affordability on select housing projects currently planned or under construction. Additionally, PRHC continues to invest the proceeds from properties transferred under the *Non-Profit Asset Transfer* program into housing programs including the *Provincial Investment in Affordable Housing* program which will commit a total of \$355 million in capital investments from 2016/17 through 2020/21 to create more than 2,000 affordable rental housing units in British Columbia.

Construction will continue on existing projects funded from the *Housing Priority Initiatives Special Account* including the *Investment in Housing Innovation* creating 2,900 units of affordable rental housing, the *Affordable Rental Housing* program creating another 1,700 units as well as the completion of 2,000 units of modular supportive housing. Existing social housing, both society and provincially owned, will benefit from the injection of \$306 million over the next three years for building renovations, energy performance upgrades, fire safety retrofits and seismic improvements. New construction and renovations and retrofits to existing social housing projects that are federally funded through the *Social Infrastructure Fund* are also taking place.

BC Housing will continue to deliver a range of client-centered programs and services through strong partnerships across British Columbia. Future ongoing operating and support subsidies to non-profit housing providers are increasing as mortgage subsidy is provided under the *Non-Profit Asset Transfer* program, new buildings under the *Mental Health Housing* and modular supportive housing programs become active and additional shelter spaces are made available as a result of increased homelessness throughout the province.

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

Appendix A: Hyperlinks to Additional Information

Corporate Governance

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

Organizational Overview

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

Our mission statement is: *making a positive difference in people's lives and communities through safe, affordable and quality housing*. In 2018/19 we will assist approximately 111,638 households in nearly 290 communities across the province through a range of programs, initiatives and partnerships. Our partnerships include operating agreements with non-profit providers, memoranda of understanding with local governments and community organizations, as well as collaborations with the housing sector, including Indigenous housing partners, and industry associations. Assistance ranges from emergency shelter and homeless outreach, transition houses, safe homes and second stage housing, independent and supportive social housing, rent assistance in the private market and home adaptations for seniors and persons with disabilities. Through BC Housing's Licensing and Consumer Services Branch about 6,900 builders will be licensed and approximately 27,500 new homes will be enrolled in home warranty insurance. Additional information on our mission, vision and values can be found on our [website](#).