

**BC Housing**

**2022/23**  
**Annual Service Plan Report**

**August 2023**



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## Board Chair's Accountability Statement



The BC Housing 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 – 2024/25 Service Plan published in 2022. The board is accountable for those results as reported.

A handwritten signature in blue ink that reads "Allan Seckel". The signature is written in a cursive, flowing style.

Allan Seckel, KC Board Chair  
Aug. 17, 2023

# Table of Contents

Board Chair’s Accountability Statement.....	3
Letter from the Board Chair & CEO .....	5
Purpose of the Annual Service Plan Report .....	7
Strategic Direction.....	7
Purpose of the Organization .....	7
Operating Environment.....	8
Report on Performance: Goals, Objectives, and Results .....	10
Financial Report.....	31
Discussion of Results .....	31
Financial Summary.....	32
Variance and Trend Analysis.....	33
Risks and Uncertainties .....	35
Appendix A: Progress on Mandate Letter Priorities.....	37
Appendix B: Auditor’s Report and Audited Financial Statements .....	39

## Letter from the Board Chair & CEO

We are pleased to submit the BC Housing 2022/23 Annual Service Plan Report.

The past year has been one of substantial change at BC Housing, and we expect more change as we continue to strengthen BC Housing's organizational structure and capacity, financial systems, governance practices, and processes and policies in response to the [Financial Systems and Operational Review](#) released in June 2022. The board of commissioners and leadership team at BC Housing understand that, in the face of the ongoing housing crisis in British Columbia, the work that we do remains more important than ever. Affordable housing continues to be a challenge throughout the entire province of B.C., and in 2022/23, BC Housing completed 4,503 units of affordable and supportive housing homes and provided rental assistance through the private market to 30,355 households.<sup>1</sup>

Ongoing extreme weather highlights the continued need to not only increase housing supply, but to also build housing that is adaptive and resilient in the face of climate change. BC Housing recognizes that the housing and climate crises more significantly affect Indigenous, racialized and other marginalized populations. To address this, BC Housing has undertaken work on a number of different fronts in 2022/23. This included implementing a new [Sustainability and Resiliency Framework](#) and [Extreme Heat and Wildfire Smoke Action Plan](#), as well as updating BC Housing's Design Guidelines and Construction Standards to promote livability, health and safety, durability, sustainability, climate adaptation and resiliency. BC Housing has also supported the implementation of the BC Energy Step Code by adding a new condition to general contractor licenses, stipulating a two-year period to demonstrate competency in building to Step 3, as well as launching eight learning modules dedicated to the BC Energy Step Code.

In addition to the above, BC Housing began to address recommendations in the [Financial Systems and Operational Review](#) in fall 2022. Since the release of the report, BC Housing has:

- completed several of the recommendations related to the structure of its board and executive committee, including the participation of a ministry representative in meetings of the board of commissioners to enable better alignment with the Ministry of Housing and the clarification of duties and responsibilities of the executive committee through the drafting of a terms of reference;
- elevated the chief information officer role to the level of vice-president and made information management and technology a standalone branch, recognizing the importance of information technology to drive and support innovation and enhanced user experience for tenants and staff;
- updated the BC Housing delegation of authority framework. The framework allows for more effective board oversight, reduced administrative effort for staff, reduced risk of project delays and/or cost increases, and better information for decision-makers to approve projects;
- updated the audit and risk management committee terms of reference to improve oversight of information technology matters; and

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<sup>1</sup> Please refer to the footnote in Objective 1.1 for a full methodological explanation of how these figures were calculated.

- worked toward implementing new processes and provisions for budget and financial reviews of housing providers, as well as updated governance practices to improve documentation and executive oversight.

Although 2022/23 was a challenging year for BC Housing in many respects, we are proud of our accomplishments.



Vincent Tong  
CEO, BC Housing  
Aug. 17, 2023



Allan Seckel,  
KC Board  
Chair Aug. 17,  
2023

## Purpose of the Annual Service Plan Report

The annual service plan report has been developed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for government organizations. Under the BTAA, a minister responsible for a government organization is required to make public a report about the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

## Strategic Direction

The strategic direction set by the Province in 2020 and expanded upon in the board chair's 2021/22 [Mandate Letter](#) from the minister responsible shaped the goals, objectives, performance measures and financial plan outlined in the [BC Housing 2022/23 – 2024/25 Service Plan](#) and the actual results reported on in the annual report.

## Purpose of the Organization

BC Housing was created in 1967 through an order-in-council under the [Ministry of Lands, Parks and Housing Act](#) to deliver the provincial government's commitment to the development, management and administration of housing. Under the [Homeowner Protection Act](#), BC Housing also has responsibilities related to licensing of residential builders, administering owner-builder authorizations, overseeing home-warranty insurance, and carrying out research and education to improve the quality of residential construction and consumer protection. BC Housing has a board of commissioners that is responsible for corporate governance and an organizational structure with seven branches. Additional information about BC Housing's corporate governance as well as the organization's mandate, mission, vision and values can be found on the [BC Housing website](#).

## Operating Environment

BC Housing's operating environment remained challenging on several different fronts in 2022/23. At provincial, national and international levels, deteriorating housing affordability combined with high general price inflation has deepened the economic stress of households already experiencing shelter and food insecurity. Other compounding factors include the lasting effects of the COVID-19 pandemic and the ongoing toxic drug crisis. Homelessness and tent encampments have continued to exist and grow in many communities throughout B.C., despite concerted efforts on the part of BC Housing and its many partners to help people move to safe indoor accommodation. Generally, those low-income people and households disproportionately affected by these forces are Indigenous, racialized populations and other marginalized groups.

Although home prices in B.C. have incrementally come down from their peak levels in spring 2022, rising interest rates have also limited improvements in overall housing affordability for homebuyers and homeowners. Market rents have also increased steadily throughout B.C. as demand continues to outstrip supply. B.C.'s population grew by 2.8% over the past year, making it the highest annual growth rate since 1996. This population growth was bolstered by relatively high levels of international migration.

While the demand for housing has remained high throughout the province, the supply of new housing has been negatively affected by higher interest rates, higher cost inflation, supply chain disruptions and tight labour market conditions. This has made it harder for BC Housing and its partners to create, maintain and protect affordable housing options. Changing community expectations about engagement for residential and mixed-use development projects are also increasing in scope, complexity and intensity. This trend is leading to extended timelines for many housing development projects, both public and private, due to longer municipal processes, resource pressures on housing partners and greater risk.

The existing housing stock also faced multiple pressures in 2022/23. In a world increasingly shaped by unfolding ecological and climate crises, extreme weather, such as heatwaves and flooding, is becoming more frequent. Climate change poses a significant risk to the health and safety of residents, and as such, BC Housing is taking steps to address what it can. In addition to supporting climate change response, BC Housing's security and emergency services team was involved in supporting BC Housing and local authorities in response to 29 structural fires. These fires included privately owned rental and directly managed properties, single-family homes, supportive housing complexes and single-room-occupancy (SRO) buildings. The number of structural fires has trended upward over time, causing displacement of residents, tremendous strain on the rental stock in communities and exposing more people to the risk of homelessness.

BC Housing's activities and associated funding have grown substantially in recent years in response to the ongoing housing crisis. This has been driven by the Government of B.C.'s historic investment in housing affordability — more than \$7 billion over 10 years. While BC Housing is building more housing than ever before, rapid expansion created a need to review BC Housing's existing organizational capacity and financial systems and controls. The resulting [Financial Systems and Operational Review](#) of BC Housing by Ernst and Young,



released in June 2022, identified a number of areas for improvement. The board of commissioners, appointed in July 2022, has overseen and guided the work to plan and implement the review's recommendations. All recommendations from the report were accepted by BC Housing, with the exception of harmonizing the terms and conditions in program frameworks. The recommendation was not accepted due to the lack of feasibility to consolidate more than 70 programs, many of which have long-standing agreements that would need to be renegotiated.

As part of serving British Columbians and delivering programs and services that meet the housing needs of communities throughout the province, BC Housing touches the lives of many Indigenous, racialized and other marginalized populations. This brings with it an important responsibility to ensure the organization is one that is culturally safe and inclusive. In line with implementing the Province's [Declaration on the Rights of Indigenous Peoples Act](#) (Declaration Act) and delivering the organization's strategic direction and mandate, BC Housing is committed to working in partnership with Indigenous Peoples to embrace and implement the [United Nations Declaration on the Rights of Indigenous Peoples](#) (UNDRIP) and [Truth and Reconciliation Commission](#) (TRC) recommendations from the National Inquiry into Missing and Murdered Indigenous Women and Girls, which calls for more access to safe and culturally appropriate housing. BC Housing is also deeply committed to ensuring gender-based analysis plus (GBA+) and equity, diversity, inclusion and belonging principles continue to be incorporated into all work.

Reflecting these responsibilities and commitments, BC Housing has deepened its partnership and collaboration with people with lived experience, Indigenous Peoples, regional health authorities, municipal governments, non-profit housing and service providers, and the residential construction industry. Despite the challenging operating environment, BC Housing's work through its [Building BC](#) programs and [HousingHub](#) is helping to create new supportive housing options for those experiencing homelessness, as well as affordable rental housing for low- and middle-income households.

# Report on Performance: Goals, Objectives, and Results

## Goal 1: Improved housing outcomes for British Columbians

### Objective 1.1: Increase the supply of secure, affordable and sustainable housing for people with low and moderate incomes through Building BC and HousingHub, and through providing rental assistance in the private market

#### Key results

- Completed 4,503 units of affordable and supportive housing and provided rental assistance in the private market to 30,355 households.<sup>2</sup>
- Updated BC Housing’s Design Guidelines and Construction Standards to promote livability, health and safety, durability, sustainability, climate adaptation and resiliency, and help mitigate over-heating and wildfire-smoke-related risks.
- Published the [Indoor Environmental Quality of Social Housing Buildings in British Columbia](#) report, which looked at indoor air qualities, such as temperature and humidity, that affect indoor environmental quality for residents in social housing units.

#### Summary of progress made in 2022/23

BC Housing’s programs aim to increase the supply of, access to and security of affordable and sustainable housing for those who need it most. This includes programs under [Building BC](#) (such as the [Community Housing Fund](#), [Indigenous Housing Fund](#), the [Women’s Transition Housing Fund](#) and the [Supportive Housing Fund](#)), [HousingHub](#), and other capital funding and rental assistance for low- income households in the private market through the Shelter Aid For Elderly Renters (SAFER) program, Rental Assistance Program (RAP) and Canada-BC Housing Benefit (CBCHB) program.

In 2022/23, BC Housing continued to make progress on several fronts under this objective. With respect to improving the quality of new and existing housing, in 2022/23 BC Housing issued two technical bulletins that revised the BC Housing Design Guidelines and Construction Standards. [Technical Bulletin No. 2-2022](#) included a range of updates to enhance the efficiency, functionality, durability, health and safety, and livability aspects of housing units, and to optimize maintenance and operating aspects. [Technical Bulletin No. 3-2023](#) revised requirements for passive design strategies and wildfire smoke filtration, aligned greenhouse gas intensity targets with CleanBC updates, minimized overheating risks by incorporating current weather data in energy modeling, and adopted overheating analysis requirements for major renovation projects. In a similar vein, BC Housing incorporated its [Building](#)

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<sup>2</sup> Please refer to the footnote in Objective 1.1 for a full methodological explanation of how these figures were calculated.

[Commissioning Guidelines](#) into its Design Guidelines and Construction Standards, encompassing both new development and renovation/capital improvement projects.

Among other benefits, a properly commissioned building will result in reduced energy consumption during building operation and improved occupant comfort, productivity and indoor air quality.

In recognition that Indigenous people and other marginalized groups disproportionately experience homelessness and are more likely to live in non-market housing, BC Housing has been making strides to provide culturally appropriate housing. One example is House of Courage, Kwum Kwum Lelum, which completed construction in March 2023 in Victoria. Elders chose the name Kwum Kwum Lelum to recognize the courage and bravery of family members (program participants) as they begin their journey toward healing and recovery. Support offered at House of Courage is based on the dual model of housing care, which provides culturally supportive housing alongside decolonized harm reduction. Services and supports focus on strengthening Indigenous self-identity and building community while supporting healing and recovery. House of Courage is operated by the Aboriginal Coalition to End Homelessness Society (ACEHS), an experienced housing partner.

BC Housing also began work to reconnect and engage with former Little Mountain residents about their current housing needs, such as family composition. Previous residents will have right of first refusal to the new homes built at Little Mountain. One building is operational and additional buildings will begin to come online during the next one to three years. BC Housing has engaged a consultant to connect with various stakeholders to develop a plan for community programming at Little Mountain.

Finally, BC Housing worked with partners and stakeholders in the private and public housing sectors to share knowledge and build capacity so that new and existing housing stock can remain comfortable, safe and resilient to the effects of climate change. Under the [Mobilizing Building Adaptation and Resilience \(MBAR\)](#) initiative, BC Housing published the [Climate-ready Housing Design Guide](#). The guide serves as a reference tool for housing providers, developers and other building industry professionals throughout B.C. on emergent best practices and recommended technical standards for more climate-ready housing design. BC Housing also published the [Indoor Environmental Quality of Social Housing Buildings in British Columbia](#) report, which looked at indoor air qualities, such as temperature and humidity, that affect indoor environmental quality for residents in social housing units.

**Performance measure(s) and related discussion**

Performance Measure <sup>4</sup>	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1a Number of affordable and supportive housing homes completed, including affordable rental and social housing (including HousingHub) <sup>1</sup>	5,245	4,500	4,503
1.1b Number of households receiving rental assistance in the private market <sup>2,3</sup>	32,546	40,000	30,355

Data source: BC Housing's Central Property System database. Programs reflected in measure 1.1 are Rapid Response to Homelessness, Affordable Rental Housing, Community Housing Fund, Indigenous Housing Fund, Supportive Housing Fund, Women's Transition Housing Fund, Homelessness Action Plan, Provincial Investment in Affordable Housing, Community Partnership Initiatives, Housing Endowment Fund, Investment in Affordable Housing, Provincial Rental Supply Affordable Home Ownership Program, and other provincial and federal programs.

<sup>1</sup>PM 1.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 3,000 and 3,000 respectively.

<sup>2</sup>Data source: BC Housing's Subsidy Management and Assisted Rental Tool (SMART) database. Programs reflected in measure 1.1b include the SAFER program, RAP, and the CBCHB program.

<sup>3</sup>PM 1.1b targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 43,000 and 45,000 respectively.

<sup>4</sup>The current methodology used to track unit progress will be the last year it is used. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).

Targets are based on the completion of new homes created under existing development programs and reflect planned program funding levels and new initiatives. The targets reflect homes to be created through provincial commitments that support the acquisition and construction of affordable housing projects.

The target for new affordable and supportive housing homes completed in 2022/23 was met. In 2022/23, 4,503<sup>3</sup> new homes were completed in 49 communities throughout B.C. Of these homes, 3,855 were completed through BC Housing's development programs: 148 homes under the Indigenous Housing Fund; 1,282 homes under the Community Housing Fund; 93 homes under the Women's Transition Housing Fund; 1,143 homes under Provincial Rental Supply; 412 homes under the Supportive Housing Fund; 60 homes under Pandemic Recovery; 352 homes under Investment in Housing Innovation; 132 homes under the Canada Mortgage and Housing Corporation Rapid Housing Initiative; 133 homes under the Homelessness Action Plan; 100 homes under Affordable Rental Housing; and an additional 648 homes under other programs that were established before the Budget 2017 Update.

<sup>3</sup> The performance measure was calculated using the same methodology used to set the target in the Service Plan 2022/23. The 2023-24 Service Plan includes two separate performance measures. One focuses on the number of homes completed annually under Building BC and related programs, including Affordable Rental Housing; Rapid Response to Homelessness; Deepening Affordability of Investment in Housing Innovation/Provincial Investment in Affordable Housing; Community Housing Fund; Women's Transition Housing Fund; Supportive Housing Fund; Indigenous Housing Fund; Homelessness Action Plan; HousingHub; COVID-19 Action Plan; Canada Mortgage and Housing Corporation Rapid Housing Initiative; and the Permanent Housing Plan. The other focuses on units completed with capital funding outside of Building BC and Housing Hub programs, including the Community Partnership Initiative; Federal Social Infrastructure Fund; Group Home Program; Housing Endowment Fund; Investment in Housing Innovation; Mental Health Housing; Provincial Investment in Affordable Housing, and the Provincial Matching of Federal Investment in Affordable Housing, among others programs. The performance measure in the Annual Service Plan Report includes units under all the programs. The Annual Service Plan Report for the next fiscal year will report out on the two measures separately.

Of these 4,503 new homes, 1,058 are two-bedroom units or larger and 388 units are wheelchair modified. While 395 homes are intended specifically for Indigenous residents, it is anticipated more will be occupied by Indigenous residents. By income, 1,548 homes are for households with very low income, 1,171 are for households with low to moderate income, and 1,784 are for middle-income households.<sup>4</sup>

In 2022/23, 23,474 households were assisted through the SAFER program, 4,398 households were assisted under RAP, and 2,483 households received assistance under the CBCHB program. The target for number of households receiving rental assistance in the private market (Performance Measure 1.1b) was not met. A review of these rental assistance programs indicate that increasing rents and low vacancy rates are eroding the benefits to potential recipients as rent ceilings have not kept pace.

## **Objective 1.2: Provide opportunities for greater housing stability for people experiencing homelessness**

### **Key results**

- Completed<sup>5</sup> approximately 900<sup>6</sup> supportive housing units for people experiencing or at risk of homelessness throughout B.C.
- Worked with the Ministry of Housing, Ministry of Social Development and Poverty Reduction, Ministry of Health and other partners to implement strategies to respond to and prevent homelessness, including work on Belonging in BC, the provincial homelessness plan and Integrated Support Framework.
- Supported the Ministry of Mental Health and Addictions (MMHA) in work with other ministries and partners to implement complex-care housing, which provides an enhanced level of integrated health and social supports for people requiring higher intensity supports than those currently provided in supportive housing.
- Initiated the Homeless Individual and Families Information System (HIFIS) community deployment project to broaden access to HIFIS to non-BC-Housing-funded shelter and support organizations throughout B.C. to enable enhanced co-ordination of services and information for people experiencing homelessness across service providers, regardless of funding sources.

### **Summary of progress made in 2022/23**

In Budget 2022, the Province announced an investment of \$633 million over the next three years to develop a provincial homelessness strategy. The Ministry of Housing is the lead, with BC Housing, Ministry of Health, and Ministry of Social Development and Poverty Reduction

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<sup>4</sup> BC Housing has different definitions of low income depending on the program or service it relates to. With respect to low- and moderate-income limits under Build BC in 2023, the gross household income limit was \$82,310 for residential units with less than two bedrooms. For residential units with two or more bedrooms in 2023, the gross household income limit was \$128,810. With respect to middle-income limits for HousingHub projects, the gross household income threshold was \$126,050 for residential units with less than two bedrooms and \$182,870 for residential units with two or more bedrooms.

<sup>5</sup> Completed indicates that the project has received an occupancy permit.

<sup>6</sup> This figure includes units from the Supportive Housing Fund, Homelessness Action Plan, Permanent Housing Plan and CMHC's Rapid Housing Initiative.

collaborating on the design, development and implementation of the cross-government integrated services response to homelessness. The Supported Rental Supplement Program (SRSP) aims to reduce and prevent homelessness by providing people access to clinical and non-clinical support services and rental assistance through CBCHB<sup>7</sup>, with the goal of helping people to live well and independently in private market housing. Throughout 2022/23, BC Housing and its ministry partners finalized the program framework and agreement for this innovative program; and launched a province-wide request for proposals (RFP) for community providers of the SRSP and CBCHB. Interest within the sector for the RFP was strong and BC Housing will be in a position to allocate 700 rent supplements in the first year of the program.

Through partnership with MMHA, BC Housing has supported the creation of the new complex-care- housing model, which supports people with severe mental-health or substance-use issues, or traumatic and acquired brain injuries, who are homeless or unstably housed. The first four complex- care-housing sites were announced in Surrey, Abbotsford and Vancouver in late 2022.

In 2022/23, BC Housing's security and emergency services team was involved in supporting BC Housing and local authorities in response to 29 structural fires. These fires included privately owned rental and directly managed properties, single-family homes, supportive housing complexes and SRO buildings. The number of structural fires has trended upward over time, causing displacement of residents and tremendous strain on the rental stock in communities, as well as exposing more people to the risk of homelessness. To help address this, BC Housing has launched an internal fire-reduction working group to develop recommendations to reduce the frequency, severity and effect of fires within shelters, SROs and long-term housing that BC Housing funds or operates. BC Housing is also collaborating with Vancouver Fire and Rescue Service, the Office of the Fire Commissioner and the Fire Chiefs Association of BC to address the issue.

In addition, BC Housing has continued to work with the Ministry of Housing on lease extensions and finding long-term permanent housing solutions that meet the needs of residents in temporary accommodations that opened as part of the COVID-19 pandemic response.

BC Housing has the provincial license for HIFIS, a system developed by the federal government to enhance co-ordination and data management for shelter and other support providers that deliver services to people experiencing homelessness. To increase co-ordination of supports and services, BC Housing initiated a project to expand access and use of the HIFIS system beyond service providers funded by BC Housing. This project is underway as of 2022/23, phase 1 involves onboarding 10 B.C. communities receiving federal Reaching Home: Canada's Homelessness Strategy funding as designated communities. Bringing on all service providers is planned by the end of 2023/24 and will create better systems of services and supports, while also enabling better data about homelessness at service-provider, community and provincial levels.

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<sup>7</sup> The CBCHB is federal funding under the National Housing Strategy that provides rent assistance to make renting in the private market more affordable, while the SRSP provides services to CBCHB recipients to enable them to transition to or remain in stable market housing while improving their personal well-being.

## Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.2 Percentage of homeless individuals accessing housing who remain housed six months after placement <sup>1</sup>	94%	84%	92%

Data source: The Housing Registry's Housing Connections software

<sup>1</sup>PM 1.2 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 86% and 87% respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).

The performance measure focuses on housing stability as a key component to breaking the cycle of homelessness. This is because people who are exiting homelessness often face barriers to staying housed long-term due to a lack of supports. Performance measure 1.2 focuses on the number of people experiencing homelessness who have remained housed six months from the date when they moved into their home.

In 2022/23, the target was surpassed, as 92% of people previously experiencing homelessness remained housed six months after placement. Targets for the performance measure are based on historical trends. The results of the performance measure reflect BC Housing's collaboration with a range of partners to bring needed clinical and non-clinical supports to residents who are exiting homelessness. These partners are non-profit housing providers and health authorities, as well as the Ministry of Health and the Ministry of Social Development and Poverty Reduction.

## Objective 1.3: Ensure buyers of new homes are protected through strengthening consumer protections and compliance with the Homeowner Protection Act

### Key results

- Added a new condition to general contractor license that stipulates a two-year period to demonstrate competency in building to Step 3 of the BC Energy Step Code.
- Created and launched eight learning modules on BC Housing's Learning on Demand platform dedicated to the BC Energy Step Code.
- Launched a consumer awareness campaign to raise the public profile and awareness of home-warranty insurance in B.C. and the work of BC Housing's licensing and consumer services branch.

### Summary of progress made in 2022/23

The BC Energy Step Code is a building standard designed to help government and industry create a future where all new construction in B.C. is net-zero-energy ready by 2032. The BC Energy Step Code sets performance targets for new construction that increase in "steps" with increasingly higher performance targets across building types and regions of the province. Starting May 2023, most new construction in B.C. must be 20% more energy efficient than base 2018 BC Building Code. In preparation for the higher energy-efficiency standard, BC Housing

added a new condition to general contractor licenses in 2022/23, which stipulates a two-year period to demonstrate competency in building to Step 3 of the BC Energy Step Code. The condition will be added when a license is renewed and came into effect starting with licenses that expired Sept. 30, 2022. While the condition will be added to all licenses, there may be exemptions for general contractors that have already been building to Step 3 of the BC Energy Step Code or have completed relevant and equivalent training.

In 2022/23, BC Housing also launched a consumer awareness campaign to raise the public profile of home-warranty insurance in B.C. as well as the work of the licensing and consumer services branch. The campaign focused on helping future homebuyers and current homeowners understand:

- the basics of home-warranty insurance in B.C. and their rights and responsibilities; and
- how the home-warranty-insurance system works, what it covers, how to get the most out of it and what to do if a possible defect is found.

To raise consumer awareness, BC Housing conducted a Google ads campaign. The campaign saw 1,939 more clicks on relevant webpages and documents related to home warranty during the campaign than in the preceding 38 days. As part of the initial launch, [Homebuilders Association Vancouver \(HAVAN\) interviewed the executive director and registrar of licensing and consumer services](#) as part of their masterclass series. The interview was posted online on the HAVAN website in June 2023 and speaks about the basics of home warranty, such as what is covered and how to maintain coverage. Presentations about the same topics were also made at the RBC Mortgage Brokers Event and other realty organizations, which educated the industry about home-warranty insurance as part of the wider home-warranty awareness campaign.

BC Housing continued its work to support industry readiness in meeting emerging priorities and to improve housing quality through technical research and education, serving both the construction industry and consumers. A variety of topics were covered in 2022/23, including economics of mass timber, earthquake performance in new buildings, balcony overloading and weight restrictions, and modular construction. BC Housing also sponsored industry and homebuyer/homeowner events through 2022/23, including conferences and other educational opportunities.

**Performance measure(s) and related discussion**

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.3 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 <sup>1</sup>	89%	80% or higher	88%

Data source: Annual Licensed Residential Builder Survey

<sup>1</sup>PM 1.3 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 80% or higher and 80% or higher, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).



This is a measure of the overall health of the builder licensing, home-warranty insurance and owner-builder authorization system, where compliance issues are dealt with quickly and effectively by the licensing and consumer services branch. Assessment of performance is best done by industry participants (licensed residential builders) that operate their businesses within the regulatory framework.

Targets are based on past trends, recognition that reducing instances of non-compliance continues to be an area for business improvement, and on strategic initiatives underway to enhance compliance efforts each year over the three-year service-planning period.

In the 2022/23 Annual Licensed Residential Builder survey, 88% of builders expressed that compliance efforts were “very effective” or “effective.” The result exceeds the target of 80% by 8%. The results reflect BC Housing’s ongoing work to ensure fair and effective administration of the mandatory provisions of the [Homeowner Protection Act](#), which includes ensuring all new homes in B.C. are constructed by a licensed residential builder and have mandatory home-warranty-insurance coverage in place (or an applicable exemption).

## **Goal 2: Strengthen BC Housing service programs and community housing sector capacity**

### **Objective 2.1: Support a people-centred approach to enhancing services for tenants with directly managed housing as well as within the broader social housing sector and marginalized communities**

#### **Key results**

- Implemented a stakeholder engagement process that elevates the inclusion of existing tenants.
- Released the [Extreme Heat and Wildfire Smoke Action Plan](#), which will help ensure that BC Housing is prepared to support people living in the community housing sector and assist partners during periods of extreme heat and wildfire smoke.
- Collaborated with non-profit housing providers to include daycare spaces when developing housing, resulting in 37 projects with space for daycares in differing stages of development.

#### **Summary of progress made in 2022/23**

Delivering safe, affordable and quality housing requires collaboration with and learning alongside tenants and housing partners, as well as the active consideration and application of the principles of equity, diversity, inclusion and belonging. Reflecting this, BC Housing has initiated work to develop a set of tenant relocation standards and an accompanying implementation toolkit that will support BC Housing and the community housing sector to carry out tenant relocations resulting from renovations or redevelopment. The goal is to ensure that trauma and culturally informed principles are applied to the development of tenant relocation plans based on the client’s individual need. This holds the operator more

accountable for reducing harm caused by the relocation process and ensures tenants are appropriately supported. In addition to the tenant relocation standards, BC Housing implemented a stakeholder engagement process for redevelopment projects that includes a specific plan for existing tenants. Engagement and notification of all public activity and/or invitation for input is to occur with tenants first.

In June 2022, BC Housing released its [Extreme Heat and Wildfire Smoke Action Plan](#), which provides an overview of key priority areas, short and long-term actions, and timelines to respond to extreme heat and wildfire smoke. The action plan will be reviewed annually and will help ensure:

- community housing residents and homeless shelter clients are protected from the adverse effects of extreme heat and wildfire smoke;
- non-profit housing providers have access to the tools and resources they may need during periods of extreme heat and wildfire smoke;
- new construction projects and existing buildings are more resilient to more extreme heat and wildfire smoke, which are projected to become more frequent in the coming decades; and
- BC Housing evolves its role in supporting sector-wide and community readiness for extreme heat and wildfire smoke.

In addition to the work on the action plan, BC Housing has procured and distributed cooling kits and supplies as well as collaborated on research to better understand the real-life experiences of residents during extreme heat.

### Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target <sup>2</sup>	2022/23 Actual
2.1 Percentage of clients reporting satisfaction with the quality and safety of their housing <sup>1</sup>	76%	N/A	76%

<sup>1</sup> Data source: BC Housing’s tenant engagement survey. The survey question from which the measure is derived is worded as follows: “How would you rate BC Housing’s overall performance in meeting your housing needs?”

<sup>2</sup>PM 2.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as N/A and 75% or higher, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).

This measure is intended to focus on how programs and services are delivered to drive positive outcomes for tenants living in housing directly managed by BC Housing. Specifically, this is a measure to determine whether directly managed tenants are satisfied with their housing and are receiving the services and support they need. Feedback from tenants living in BC Housing’s directly managed homes is obtained through a survey that occurs every two years. The next iteration of the survey will be fielded in fall 2023 and results will be known in spring 2024.

The previous survey took place in 2020/21 with a result of 76%, which indicates that most respondents are either “very satisfied” or “satisfied” with their overall housing situation. Targets are based on previous performance and results from the tenant survey.

The performance metric reflects the ongoing work of BC Housing on several fronts. For example, [BC Housing's People, Plants and Homes \(PPH\) program](#) builds and manages community gardens and provides resources, workshops and support to gardeners and community leaders at buildings that are directly managed by BC Housing. Other BC Housing initiatives for residents of directly managed sites include the [Student Tenant Employment Program](#) (STEP) and [Tenant Activity Grant](#). As well, BC Housing has also undertaken work to address risks associated with extreme heat for its tenants.

## **Objective 2.2: Collaborate and support non-profit and co-operative housing partners to ensure long-term provision of social and affordable housing**

### **Key results**

- Collaborated with sector organizations, including the BC Non-Profit Housing Association (BCNPHA), Co-operative Housing Federation of BC (CHFBC) and Aboriginal Housing Management Association (AHMA) to support landlords and tenants through training, education, research and services for several strategic initiatives, such as environmental sustainability and building resilience.
- Developed and implemented educational opportunities for BC Housing and the community housing sector to build understanding and competencies to adopt the principles of equity, diversity, inclusion and belonging.
- Supported the community housing sector with technology modernization and cybersecurity protections through services provided by BC Housing.

### **Summary of progress made in 2022/23**

BC Housing continued to support the BCNPHA in the delivery of their operations and maintenance program, which aims to build energy-management capacity in the housing sector, enhance energy savings, reduce greenhouse gas emissions and encourage tenant buy-in and engagement. Courses offered through the operations and maintenance program include asset management foundations, building systems, new construction and redevelopment, and green asset management.

BC Housing also supported further education and training in the non-profit housing sector through several activities, such as support for BCNPHA to create and offer a series of educational sessions for community housing leaders to expand GBA+ and equity, diversity, inclusion and belonging principles in the housing sector. These sessions align with recommendations from the first phase of BC Housing's reconciliation strategy that calls for the removal of discriminatory barriers in systems, structures and interpersonal interactions.

BC Housing also facilitated sector learning and networking opportunities through sponsorship of [Housing Central Conference](#); Canadian Alliance to End Homelessness' (CAEH) conference; Canadian Housing & Renewal Association's (CHRA) Congress; First Nations Housing Professionals Association's (FNHPA) conference; and BCNPHA's Regional Education and Networking Tradeshows. As well, BC Housing, in partnership with BCNPHA; BC Society of Transition Houses; Homelessness Services Association of BC; and CHFBC, has developed an

education grant program to help ensure the non-profit housing sector can attend learning events despite limited staff capacity and cost.

Other education and training included workshops in collaboration with medical health officers about how to create an extreme heat and wildfire smoke response plan at BCNPHA’s Regional Education, Networking and Tradeshow (RENT) in spring 2022. In collaboration with BCNPHA and Vancouver Coastal Health, BC Housing hosted a webinar for the non-profit housing sector that included presentations from a medical health officer and three different non-profit housing and shelter providers. The recording is available on the BC Housing and BCNPHA websites.

BC Housing’s ongoing collaboration and dialogue with the non-profit housing sector is important to increase sector capacity and accountability, and drive positive outcomes for clients, tenants and partners. As part of BC Housing’s operating agreements with non-profit housing providers, BC Housing carries out operational reviews to provide oversight. The operational review process and information technology (IT) system design was completed by the end of 2022/23. Beta testing for both the process and IT system are underway.

Over the past few years, there has been an increased need for cyber security awareness training, help with migration to the cloud, and to develop an information technology strategic plan. To ensure the sector is continuing to build digital competency, BC Housing has launched training via its ITConnect event, which takes place three times a year. Sessions during the event include MS Suite (SharePoint, OneDrive, Teams, Excel and Outlook), as well as multiple sessions about cyber security, privacy and freedom of information (FOI), HIFIS and the NonProfit Portal. Toward the end of 2022/23, BC Housing launched a housing provider information technology grant program to help non-profit housing providers with active operating agreements with BC Housing. After reviewing mandatory requirements and submissions, 255 providers were approved for a grant.

**Performance measure(s) and related discussion**

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.2 Percentage of non-profit and co- op housing providers positively rating BC Housing’s capacity building efforts	N/A	N/A	N/A

The intention of this new performance measure, introduced in the 2022/23 – 2024/25 Service Plan, was to report on BC Housing’s work in building non-profit and co-op housing sector capacity, as well as progress regarding non-profit providers’ and co-ops’ relationship with BC Housing. The performance measure was proposed with the understanding it would be a working measure. BC Housing later recognized that the performance measure would create an administrative burden for providers because data would have to be collected manually.

Therefore, the measure was not tracked in 2022-2023 and new measures were proposed in the 2023/24 – 2025/26 Service Plan.

As discussed in the preceding section, BC Housing has undertaken significant work in 2022/23 to build capacity among non-profit and co-op housing providers through education and training for a range of topics. In addition, BC Housing re-started several initiatives that were paused due to the COVID-19 pandemic, such as SkillsPlus. SkillsPlus provides education and training about building maintenance for non-profit housing providers.

## **Objective 2.3: Improve the quality of existing social housing through new provincial investments**

### **Key results**

- Delivered BC Housing programs that help improve the quality, sustainability, climate change adaptation and resiliency, safety and accessibility of existing social housing.
- Conducted pilot projects, research and education for the residential construction industry that support industry transformation toward sustainable, equitable and resilient building practices.
- Updated BC Housing’s Design Guidelines and Construction Standards to reflect best practices and improve livability for residents.

### **Summary of progress made in 2022/23**

The social housing stock is aging, with many buildings approaching a time when major components require replacement or repair, and modernization of the stock is essential. Therefore, while increasing the supply of housing is an important focus of the Province and BC Housing, it is equally important that existing social housing is maintained to ensure it remains in good condition for current and future residents, to meet targets for greenhouse emission reductions, and to ensure that public investment in the infrastructure is protected. BC Housing has supported improvements and preservation of existing social housing stock through energy retrofits and building-envelope upgrades, work with housing providers to identify priority capital-renewal projects and the provision of funding for maintenance and rehabilitation through various programs. BC Housing also continues to work with community housing sector partners to understand and establish responses to their capacity needs.

To improve the quality of housing in 2022/23, BC Housing undertook several activities, such as issuing two technical bulletins that revised the BC Housing Design Guidelines and Construction Standards. [Technical Bulletin No. 2-2022](#) provided a range of updates to enhance the efficiency, functionality, durability, health and safety, and livability aspects of housing units, and to optimize maintenance and operating aspects. [Technical Bulletin No. 3-2023](#) revised requirements for passive design strategies and wildfire smoke filtration; aligned greenhouse gas intensity targets with CleanBC updates; helped minimize overheating risks by incorporating current weather data in energy modeling; and adopted overheating analysis requirements for major renovation projects. BC Housing’s [Building Commissioning Guidelines](#), which encompass new development and renovation/capital improvement projects, were also updated to help ensure buildings are properly commissioned. This will help reduce energy

consumption and improve occupant comfort, productivity and indoor air quality during building operation.

In addition, BC Housing worked with partners and stakeholders in the housing sector to share knowledge and build capacity through initiatives, such as the [Mobilizing Building Adaptation and Resilience \(MBAR\)](#) project, so that new and existing stock can remain comfortable, safe and resilient to the effects of climate change. As part of MBAR, BC Housing published the [Climate-ready Housing Design Guide](#). The guide serves as a reference tool for housing providers, developers and other building industry professionals throughout B.C. on emergent best practices and recommended technical standards for more climate-ready housing design. BC Housing also sponsored BC Building Envelope Council’s (BCBEC) November 2022 conference, which explored challenges in designing, constructing and repairing buildings for greater resiliency and energy efficiency. The event was attended by approximately 300 architects, engineers, builders and other industry professionals.

**Performance measure(s) and related discussion**

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.3 Facility Condition Index <sup>1</sup>	19%	16 to 21 %	18%

Data source: Physical building condition assessments of building systems, sub-systems and components are tracked by BC Housing and used to calculate the facility condition index. The index quantifies the physical condition of the social housing stock

<sup>1</sup>PM 2.3 targets for 2023/24 and 2024/25 were stated in the 2022/23 Service Plan as 16 to 21% and 16 to 21%, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).

Targets are set to reflect an acceptable service level for buildings and building conditions for residents. As of March 31, 2023, results indicated a portfolio facility condition index (FCI)<sup>8</sup> rating of 18%, which is within the targeted range of 16% to 21%. The result of 18% for the social housing stock consists of:

- 22% for the directly managed portfolio; and
- 19% for the non-profit portfolio.

On average, buildings in BC Housing’s directly managed portfolio are older than those in the non-profit housing sector.

Key factors that contributed to achieving the target are:

- improvements in the quality of life and safety of the homes for residents throughout the province;
- ongoing capital spending on the rehabilitation of buildings;
- significant efforts by BC Housing and BCNPHA to increase capacity for asset management and facility maintenance, including capital-planning courses and resources for housing providers;

<sup>8</sup> The FCI is an indication of the average condition of buildings. The FCI is calculated as the cost of a building’s renewal and replacement needs divided by its replacement cost, expressed as a percentage, and a lower percentage corresponds to a building in better condition. The FCI is used to assist with investment decisions and strategic direction regarding capital planning and rehabilitation budgets for social housing. Without adequate continued investment in the existing social housing stock, the FCI rises over time.

- improved accuracy of calculations made possible by updates to BC Housing's data and systems collaboration with housing providers; and
- increased number of new units have shifted the overall FCI due to higher condition ratings.

## **Goal 3: Strong Indigenous partnerships and relationships based on principles of reconciliation and the *Declaration on the Rights of Indigenous Peoples Act***

### **Objective 3.1: Advance BC Housing's relationship with Indigenous Peoples and communities in British Columbia through reconciliation**

#### **Key results**

- Initiated work on a multi-year plan that considered short-, medium- and long-term recommendations from the [Reconciliation: Moving Forward Together](#) report, which will inform BC Housing's reconciliation strategy.
- Collaborated with Indigenous communities and First Nations to create housing options.
- Improved housing conditions in First Nations communities and on reserves through partnerships in asset management, capital planning and homeowner education.
- Delivered education and training sessions to BC Housing staff and partners about implementing [United Nations Declaration on the Rights of Indigenous Peoples](#) and [Truth and Reconciliation Commission](#) recommendations.

#### **Summary of progress made in 2022/23**

BC Housing is committed to reconciliation with Indigenous Peoples. As a landlord, employer, partner and funder of affordable housing programs, BC Housing touches the lives of many Indigenous people. BC Housing continues its journey toward reconciliation with Indigenous Peoples and is developing a reconciliation strategy that will consider the short-, medium- and long-term recommendations from the Reconciliation: Moving Forward Together report. Reconciliation requires a deep reckoning with the truth, a commitment to justice and ongoing efforts to build relationships that enable meaningful change. This work must be at a pace that allows for building and sustaining relationships with Indigenous Peoples and communities, and that results in co-creating and walking this path together.

In 2022/23, BC Housing began piloting a new client-relationship management system to better track communications and relationships with Indigenous communities and partners. The long-term plan is to leverage the system to track all Indigenous-related communications and data throughout BC Housing, which will help maintain ongoing conversations and ensure housing

information is maintained in an accessible and centralized system.

With respect to employee education, BC Housing has drafted a reconciliation learning framework based on the recommendations outlined in the *Declaration on the Rights of Indigenous Peoples Act 2022-2027 Action Plan*, the final report on Missing and Murdered Indigenous Women and Girls, the Truth and Reconciliation Commission Report, and the information and recommendations presented in the Reconciliation: Moving Forward Together report. The learning framework embeds a transformative learning approach to reconciliation to meet people where they are in their reconciliation journey, while also building their overall well-being and tenacity to unlearn limiting beliefs and re-learn untold histories. The learning framework will be used as an overarching guide to determine categories of training and experiences that will enable employee capacity and competency development as needed and based on their specific function within BC Housing.

Other education-related activities in 2022/23 included holding three one-day “Working Effectively with Indigenous Peoples” workshops by Indigenous Corporate Training, with attendance by 112 BC Housing employees. The workshop is required for BC Housing staff to equip them with relevant cultural knowledge and Indigenous history, and ensure they can work more respectfully, effectively and collaboratively with Indigenous communities and families. In addition, BC Housing held four reconciliation internal dialogue sessions for employees. The interactive and participatory learning series brought together approximately 30 employees to reflect on their personal connection to reconciliation by using a sharing circle format. The participants shared many insights about their personal journeys of reconciliation, and together, created a more fulsome understanding of the journey BC Housing is on and the many perspectives that must be reconciled to effectively move forward as an organization.

BC Housing and the First Nations Housing and Infrastructure Council (FNHIC) worked through 2022/23 to identify ways to collaborate and support the Indigenous control and management of housing in BC. For example, BC Housing is a research partner on the [Serving Rural & Remote Communities: Co-developing Place-Based Climate Resilient Solutions](#) project, which will co-develop community-based solutions that lead to better housing and safer technical equipment in the face of changing climates in remote, rural and Indigenous communities. University researchers will work with the FNHIC, BC Housing and Technical Safety BC to develop and deliver the research. Work on the project proposal began in 2022/23 and funding approval was received in April 2023.

On reserve, BC Housing is working to bolster asset-management and capacity-building activities to positively affect the quality of Indigenous housing. While BC Housing has much to offer, there is much to learn about how First Nations overcome unique barriers to access safe, sustainable and affordable housing. In this vein, various partnerships have been initiated with First Nations to develop and share best practices in residential asset management, while also learning about these unique barriers. This work is enabled through memorandums of understanding (MOUs) with several First Nations. In 2022/23, one new MOU was signed with Wuikinuxv Kitasoo/Xai'xais Nuxalk Tribal Council and four MOUs with Scw'exmc Tribal Council, Tsilhqot'in National Government, Nisga'a Lisims Government and Ktunaxa/Shuswap were extended to accommodate work delays from the COVID-19 pandemic. BC Housing committed to bringing SkillsPlus asset-management training to each of the MOU partner communities between May and September 2023.



Off-reserve, BC Housing has ongoing collaborations with the Aboriginal Housing Management Association and the Indigenous non-profit housing sector. The Indigenous Housing Fund (IHF) program operates in partnership with AHMA, First Nations, Indigenous non-profit housing providers and non-profit housing providers with a focus on Indigenous clients. A total of 148 units were funded from the IHF in 2022/23 and another 247 units for Indigenous clients were funded through other programs. Throughout 2022/23, BC Housing also continued to advance the:

- Snuneymuwx First Nation partnership under the multi-site MOU, in addition to advancing the Te'tuxwtun project (previously Sanala) through to rezoning; and
- Redevelopment of Robron Village in Campbell River as an Indigenous-centred project, serving urban Indigenous families with children, in collaboration with AHMA.

BC Housing has also undertaken work to advance development of Indigenous housing design guidelines. In 2022/23, work focused on engagement with Indigenous housing providers, Indigenous organizations and practitioners with respect to the evolution of Indigenous housing design guidelines in a manner that addressed diverse Indigenous interests and priorities. The information gathered through engagement is an initial step to advance new design guidelines for the design and development of Indigenous housing that respect and reflect self-determination, self-governance and meaningful reconciliation. These insights will also inform BC Housing's overarching reconciliation strategy, which will chart a path forward for the organization.

**Performance measure(s) and related discussion**

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
3.1 Progressive Aboriginal Relations (PAR) certification <sup>1</sup>	Gold	Gold	Gold

Data source: The Canadian Council for Aboriginal Business. BC Housing's current PAR certification is valid from 2021/22 through 2023/24. Certification occurs every three years and is next scheduled for 2024/25.

<sup>1</sup>PM 3.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 Service Plan as gold and gold respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).

Performance is measured through the [Progressive Aboriginal Relations \(PAR\) certification](#), where a range of initiatives and partnerships with Indigenous organizations are assessed by an independent third-party organization, the Canadian Council for Aboriginal Business (CCAB). The CCAB assesses BC Housing's commitment to the Indigenous sector in four areas: leadership, employment, business development and community relationships. Assessment results are certified at a bronze, silver or gold level, depending on performance. BC Housing is the only social housing provider in Canada to be certified under the PAR program.

In the certification year 2021/22, BC Housing achieved gold certification under the PAR program for the third time. Gold certification demonstrates an active and ongoing commitment to supporting the Indigenous housing sector and Indigenous housing partners. In particular, the CCAB observed that the commitment level from BC Housing's senior leadership and the PAR working group was impressive, and the feedback from the

Indigenous employees and externally from Indigenous groups about their experiences working with BC Housing was generally positive. The next certification process will occur in 2024. Benchmarking is conducted on a national level against other Canadian companies participating in the PAR certification program.

Although the certification process occurs every three years, BC Housing's work to promote stronger Indigenous partnerships is ongoing in all business areas. BC Housing's current plans, initiatives and collaboration efforts support the goal of continual improvement each year.

## **Goal 4: Strengthened organizational performance through alignment with principles of Truth and Reconciliation; equity, diversity, inclusion and belonging; and sustainability and resiliency, as well as lessons learned from the COVID-19 pandemic**

### **Objective 4.1: Achieve a high level of employee engagement**

#### **Key results**

- Continued to lead collaboration through the office of equity, diversity, inclusion and belonging to enhance programs, policies and business practices to be in alignment with reconciliation and equity principles.
- Expanded the scope of disaggregated data gathered for demographic analysis to better understand operational and service-delivery effects.
- Enhanced communication and engagement opportunities for employees with their colleagues, tenants, clients and the community housing sector.
- Continued to transform into a digital organization, supported the digitization of internal processes and improved online access to programs and services.

#### **Summary of progress made in 2022/23**

BC Housing continues to work to create an inclusive environment that is safe and accessible to all. To achieve this objective, BC Housing takes a principles-based approach to fostering equity, diversity, inclusion and belonging. BC Housing's office of equity, diversity, inclusion and belonging seeks to lead change and advance work that applies a deep equity analysis to BC Housing's business operations, programs, policies and strategies. The focus areas that fall under the office of equity, diversity, inclusion and belonging are GBA+, accessibility, youth, seniors, 2SLGBTQIA+, and Indigenous, Black and people of colour (IBPOC) as well as

addressing ableism, racism and other systemic discriminations, and promoting anti-oppression.

BC Housing commenced its equity assessment in 2021/22 and, through 2022/23, undertook various levels of engagement to inform the equity, diversity, inclusion and belonging work, such as through more than 60 management interviews, an organization-wide survey, affinity-based focus groups/listening sessions, one-on-one interviews and a community partners survey. Educational sessions to support and build an understanding of equity, diversity, inclusion and belonging language and concepts occurred simultaneously and are further described under Objective 3.1. The equity assessment is expected to be completed by fall 2023.

In response to the *Accessible British Columbia Act*, BC Housing also began work on an accessibility plan in 2022/23. The plan will work to ensure that BC Housing identifies, prevents and removes barriers for people in the organization or for those who interact with it. BC Housing has worked to establish project governance groups, such as an external accessibility advisory committee, and to launch engagement to identify barriers to employees, residents and partners of BC Housing. The development of the plan will begin in fall of 2023.

To support employee education about equity, diversity, inclusion and belonging, BC Housing offered a variety of courses and opportunities in 2022/23. This included the launch of a new in-house course to support organizational learning called “Understanding Equity, Diversity, Inclusion and Belonging.” More than 200 employees from various roles and levels of responsibility in the organization participated in the two-part learning opportunity. The final offering of “Understanding Equity, Diversity, Inclusion and Belonging” for the fiscal year concluded on Nov. 10, 2022. As part of Learning at Work Month, BC Housing also offered a two-part series for employees in September 2022 called “Understanding Ableism” to support the learning needs of the accessibility plan. Through the People with Disabilities/Disabled People Employee Resource Group, a panel discussion was facilitated as part of BC Housing’s Sharing Knowledge series to deepen learning about disability and how it shapes the organization’s work.

BC Housing maintained high employee engagement in 2022/23. BC Housing was again included in the list of top 100 employers in the B.C., with recognition for embedding diversity, equity and inclusion principles in its business operations, programs and policies, and offering substantial training on a variety of topics, such as respect in the workplace, unconscious bias and anti-racism. Approximately 87% BC Housing staff participated in the employee engagement survey, of which 78% expressed agreement with key indicators of employee engagement.

In 2021/22, BC Housing completed a redesign of its intranet (HomeNet) to create an improved information structure and global search, as well as a unified design focused on employee information needs. In 2022/23, an internal feedback survey found that among responding employees, 34% used HomeNet more frequently than before the HomeNet redesign, almost 90% found HomeNet effective for getting the information they needed and more than 75% trusted that information on HomeNet was accurate and up to date. The new HomeNet also facilitated higher-level strategic change at BC Housing by providing employees with a channel for organizational information.

Further work to support BC Housing’s evolution into a digital organization in 2022/23 included the creation of hybrid office options and implementation of meeting-room technologies to

support multiple working arrangements. BC Housing also advanced many digital projects to optimize existing business processes, such as Phase 1 of the implementation of the contract lifecycle management system.

**Performance measure(s) and related discussion**

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
4.1 Employee engagement index <sup>1</sup>	Top quartile of benchmarked employers	Top quartile of benchmarked employers	Top quartile of benchmarked employers

Data source: BC Housing’s employee engagement survey

<sup>1</sup>PM 4.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as “top quartile”. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).

Employee engagement is a productivity indicator based on employee satisfaction and motivation. The measure is based on an annual staff survey that gathers feedback about different aspects of the work environment, such as access to leadership, learning and growth opportunities that serve to meet business objectives, as well as the personal aspirations of employees.

The target for 2022/23 was met. In 2022/23, 87% of staff participated in the employee engagement survey and 78% expressed agreement with key indicators of employee engagement. The 2022/23 survey results place BC Housing in the top quartile of benchmarked employers, meeting the performance target and demonstrating that BC Housing has been successful in building a culture of employee engagement.

The top five responses to the survey show that more than 90% of employees feel they have a good relationship with their co-workers, understand what is expected of them to maintain a safe and healthy workplace, and have a good relationship with their manager or supervisor. Approximately 89% of employees also understood the goals and objectives of BC Housing, while 88% were clear about how their work contributes to achieving the goals and objectives of BC Housing. Areas identified for improvement in the survey included prioritizing and reducing work volume, improving transparency and information sharing, addressing compensation and total rewards concerns, improving work/life balance, and building renewed confidence in the organization going forward.

The survey findings will support ongoing improvement in the employee experience.

## **Objective 4.2: Support provincial climate goals by actively contributing to low-carbon, healthy and future-proof housing**

### **Key results**

- Implemented the new [Sustainability and Resiliency Framework](#) and completed the Sustainability and Resilience Strategy, which builds on the framework and guides BC Housing's work on sustainability and resilience.
- Supported the improvement and preservation of existing social housing stock through energy retrofits and building-envelope upgrades.
- Built capacity within the construction industry and the social housing sector through research and education about integrating low-carbon, adaptive and resilient solutions into building design and renovation.
- Continued to be a leader to help the building design and construction industry in its transformation toward sustainable, equitable and resilient building practices, such as the development and dissemination of training curricula for licensed builders about how to build homes that meet BC Energy Step Code requirements.
- Invested in technical projects in partnership with industry and all orders of government related to the quality and sustainability of residential construction.

### **Summary of progress made in 2022/23**

BC Housing is committed to changing building practices so that homes that exist today and homes built in the future can withstand the increasing negative effects of changing climate. This includes the implementation of low-carbon and resilience approaches in new design and major retrofits of affordable housing buildings that target the higher steps of the BC Energy Step Code and use passive technologies, resiliency measures and low-carbon building materials. In 2022/23, BC Housing completed 35 projects that have achieved Step 3 or higher of the BC Energy Step Code. BC Housing also worked with partners to move two Passive House projects into the design development stage and continued to support the MBAR pilot at the Rosewood Village redevelopment project.

As mentioned in other sections, the BC Housing Design Guidelines and Construction Standards were updated to align with the BC Energy Step Code. As part of this work, BC Housing issued [Technical Bulletin No. 3-2023](#) to align BC Housing's energy performance targets with BC Building Code and align greenhouse gas intensity targets with CleanBC updates and the provincial [Climate Change Accountability Act](#).

Building on work already accomplished, BC Housing has implemented its [Sustainability and Resiliency Framework](#), which reflects a new approach to sustainability. The framework provides systemic solutions and creates opportunities for equitable, inclusive, sustainable and resilient housing that meets the needs of the changing world. Based on the framework, BC Housing has developed performance measures, targets and an implementation plan that details actions needed during the next three years.

To help ensure builders are prepared for new energy-efficiency requirements under the BC Energy Step Code, a new condition was added to general contractor licenses, which stipulates

a two-year period to demonstrate competency in building to Step 3 of the BC Energy Step Code. To support the new licensing requirement, BC Housing developed 20 hours of new training about the BC Energy Step Code via the Learning on Demand portal. This is in addition to the other technical research and education work BC Housing provides to support the improvement of construction quality in B.C., including BC Housing’s support for Natural Resource Canada’s [Local Energy Efficiency Partnerships \(LEEP\)](#) program as well as BC Housing’s [MBAR](#) project.

**Performance measure(s) and related discussion**

Performance Measure	2021 Actual	2022 Target	2022 Actual
4.2 Per cent reduction in greenhouse gas emissions from 2010 levels <sup>1</sup>	17%	Reduction of 20% to 25%	18%

Data source: Provided directly from utility companies and compiled by an external consultant. The targets for the measure are based on calendar year in accordance with legislative requirements.

<sup>1</sup>PM 4.2 targets for 2023 and 2024 were stated in the 2022/23 service plan as reduction of 25% to 30% and reduction of 30% to 35%, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, see the latest service plan on the [BC Budget website](#).

This measure tracks progress in reducing greenhouse gas emissions and maintaining a carbon- neutral status as required by the *Climate Change Accountability Act* (formerly 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, including the [Climate Change Accountability Report](#).

Targets are set against a reduction in greenhouse gas emissions from the 2010 level. The baseline, which was calculated across the housing portfolio in 2010, has been maintained to compare reductions. Targets consider anticipated changes to the housing portfolio and consider anticipated changes to the housing portfolio over the three-year service plan period.

In 2022/23, the target was not met. BC Housing’s greenhouse gas emissions from energy use to provide heat, hot water and electricity for buildings totaled 30,641 tonnes of carbon dioxide equivalent emissions. This represents an 18% decrease in emissions compared to the 2010 baseline and a 6% decrease in emissions compared to 2021.

Greenhouse gas emission reductions compared with the baseline are mainly a result of energy conservation efforts since 2010, such as multi-year building upgrades, fuel switching, energy programs, enhancing energy-efficiency standards for new construction and ongoing improvements in energy management in the BC Housing portfolio.

There are a variety of factors that explain why the target for 2022 was not met. For newly constructed properties, operational carbon was lower than average compared to BC Housing’s existing stock, but still relied on fossil fuels for heating. Another contributing factor was the purchase of existing buildings heated with fossil fuels. In 2022, winter weather was also colder than average.

The Province has a CleanBC target of a 50% reduction in greenhouse gas emissions from public- sector buildings by 2030. BC Housing will need to further transition away from fossil fuel use in community housing buildings to meet the target. BC Housing will also need to find additional energy savings through significant renovation and upgrades to existing buildings.

# Financial Report

## Discussion of Results

In 2022/23, BC Housing's revenues totaled \$2.41 billion, an increase of \$448.5 million compared to 2021/22. Out of these revenues, \$2.18 billion were received from the provincial government:

- \$1.01 billion through the Ministry of Housing
- \$1.14 billion through the Housing Priority Initiatives Special Account
- \$12.9 million through the Housing Endowment Fund Special Account
- \$23.6 million through other partnering ministries/agencies

The federal government, through Canada Mortgage and Housing Corporation, provided \$135 million under the Social Housing Agreement and the Canada-BC Bilateral Agreement under the 2017 National Housing Strategy.

The remaining \$89.5 million of revenue mainly comprised of rent/commercial revenue paid directly to BC Housing, earnings from financial activities, fees charged to builders/developers and contributions from other funding partners.

In 2022/23, BC Housing's expenses totaled \$2.41 billion, an increase of \$448.5 million over 2021/22. BC Housing continues to provide financial support to various housing programs that are either managed by non-profit housing providers or BC Housing directly. The expenses in most categories increased due to new projects coming online and inflationary operating costs in the existing housing portfolio.

During the fiscal year, significant financial resources were invested in capital projects and operating subsidies. A record-breaking \$1.24 billion of capital funding was provided to programs to construct and acquire new housing units and to upgrade existing stock, which represents an increase of \$332.1 million, or 37%, compared to 2021/22. In addition, \$784.1 million of operating funding flowed to housing providers under various programs to support property management activities and provide wraparound support services to clients who need it. Operating funding is expected to grow in the years to come with BC Housing expanding its housing portfolio.

## Financial Summary

(\$000s)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
<b>Revenues</b>				
Contributions from Province	1,743,414	2,025,979	2,185,473	159,494
Contributions from Federal	154,010	159,208	134,972	(24,236)
Other Income & Recoveries	64,074	61,823	89,536	27,713
<b>Total Revenue</b>	<b>1,961,498</b>	<b>2,247,010</b>	<b>2,409,981</b>	<b>162,971</b>
<b>Expenses</b>				
Grants	906,039	1,090,985	1,238,159	147,174
Housing Subsidies	696,747	746,497	784,081	37,584
Rental Assistance	119,426	137,467	105,291	(32,176)
Salaries and Labour	86,290	98,622	93,569	(5,053)
Operating Expenses	90,935	110,974	93,256	(17,718)
Building Maintenance	22,505	20,180	26,533	6,353
Office and Overhead	15,032	16,310	17,189	879
Utilities	11,325	10,925	11,244	319
Grants in lieu of Property Taxes	10,063	11,178	9,933	(1,245)
Research and Education	2,178	1,235	1,650	415
Interest Expense	930	2,637	29,051	26,414
<b>Total Expenses</b>	<b>1,961,470</b>	<b>2,247,010</b>	<b>2,409,956</b>	<b>162,946</b>
<b>Net Income</b>	<b>28</b>	<b>0</b>	<b>25</b>	<b>25</b>
<b>Total [Liabilities/Debt]</b>	<b>1,556,315</b>	<b>2,401,953</b>	<b>2,430,785</b>	<b>28,832</b>
<b>Capital Expenditures</b>	<b>4,188</b>	<b>5,000</b>	<b>6,287</b>	<b>1,287</b>
<b>Accumulated Surplus</b>	<b>209,656</b>	<b>203,910</b>	<b>208,344</b>	<b>4,434</b>

<sup>1</sup>The above financial information was prepared based on Canadian Public Sector Accounting Standards



## Variance and Trend Analysis

### Revenues

The financial summary table shows BC Housing's actual revenues totaled \$2.41 billion in 2022/23, which was \$163 million more than the 2022/23 budget and \$448.5 million more than the previous year. These variances reflect changes in provincial revenue, federal revenue and other revenue.

#### Provincial Revenue

Provincial revenues received were \$159.5 million higher than anticipated in the 2022/23 budget. The primary adjustment was additional provincial government capital investment in affordable rental projects. Updated construction schedules also resulted in adjustments to grant-related contributions. The grant reallocation process has no net effect on the overall contributions for the associated programs as it only shifts the timing of the funding between fiscal years.

When compared to the previous year's actual spend, provincial contributions increased by \$442.1 million. The year-over-year variance is also primarily attributable to the increased capital investment in the non-profit-owned affordable rental projects. Additional increases were related to subsidies provided for newly completed projects under [Building BC](#) programs.

#### Federal Revenue

Federal revenue decreased by \$24.2 million compared to the 2022/23 budget and by \$19 million compared to the previous year. Lower-than-budgeted contributions under the Co-investment Fund and CBCHB program account for the 2022/23 budget variance and year-over-year variance, which will be reallocated and fully spent in future years. The one-time funding received in 2021/22 for the Rapid Housing Initiative Phase 2 further reduces the federal government contribution compared to 2022/23.

#### Other Revenue

Other revenue increased by \$27.7 million compared to the 2022/23 budget and by \$25.5 million compared to the previous year. Most of the budget variance was due to increased interest revenue from interim construction financing provided to capital projects owned by non-profit housing providers. The interest revenue is offset by higher interest expenditures paid to the Provincial Treasury for the borrowing of cash.

### Expenditures

The financial summary table shows BC Housing's actual expenditures totalled \$2.41 billion in 2022/23, which was \$163 million more than the 2022/23 budget and \$448.5 million more than the previous year. Significant variances include:

#### Grants

Grants were \$147.2 million higher than the 2022/23 budget. The increase in expenditures

primarily related to the provincial government's additional investment in expanding the affordable rental housing portfolio throughout the province. The overall grant spend was also affected by slower- than-expected construction progress in [Building BC](#) programs, such as the Supportive Housing Fund and Women's Transition Housing Fund, which resulted in associated costs being reprofiled into future years.

The year-over-year variance of \$332.1 million is attributed to additional capital grant investments from the provincial government and increased construction activities under [Building BC](#) programs.

### Housing Subsidies

Housing subsidies were \$37.6 million higher than the 2022/23 budget. The variance was primarily the result of additional financial supports for non-profit housing providers, as well as cost inflation across various programs.

When compared to the previous year's actuals, the 2022/23 spend increased by \$87.3 million. Growth was primarily due to new projects coming online under [Building BC](#) programs, along with inflationary pressures on existing programs and additional financial resources to help non-profit housing providers build capacity.

### Rental Assistance

Rental Assistance was \$32.2 million lower than the 2022/23 budget and decreased by \$14.1 million compared to the previous year's actual spend. In both cases, the variance is due to the continued decline in the number of clients receiving rental assistance under the SAFER program and RAP. The declining trend has been observed since the beginning of the pandemic, and a review of the program parameters is underway to improve the accessibility of the programs and increase the program uptake. Slower-than-expected growth in the CBCHB program also contributed to the budget variance.

### Operating

Operating costs were \$17.7 million lower than the 2022/23 budget. The budget variance is primarily attributed to the winding down of COVID-19-related supports more rapidly than anticipated when the initial budget was developed, as the devastating effects of the pandemic started to subside.

### Interest Expense

Interest expenses were \$26.4 million higher than the 2022/23 budget and increased by \$28.1 million compared to the previous year. The Bank of Canada increased its policy interest rate seven consecutive times during the fiscal year, increasing the benchmark rate from 0.50% to 4.50%. The rate increase significantly affects financing costs when BC Housing borrows cash from Provincial Treasury to fund the construction of housing projects. However, BC Housing was able to offset the expense through interest revenue received by providing interim financing for these housing projects (see "Other Revenue").

## Other Expenses

Other expenses include directly managed property related costs, such as utilities; grants in lieu of property taxes; maintenance; administrative costs, such as salary and benefits, office, and overhead; and research and education. These costs were \$1.7 million higher than the 2022/23 budget and increased by \$12.7 million compared to the previous year, mainly due to the increased staffing to develop new housing initiatives, as well as the increased demand of work and inflationary costs to maintain the aging housing portfolio.

## **Risks and Uncertainties**

Despite the end of COVID-19 pandemic, homelessness challenges in British Columbia have escalated to a critical point, epitomized by the widespread emergence of encampments throughout the province. BC Housing has worked with partners to successfully respond to large encampments in the Vancouver and Victoria area. This response required BC Housing to provide dedicated staff resources by repositioning staff from existing roles and responsibilities, as well as significant financial resources to support housing solutions, and to provide outreach and support services aimed at resolving the issue effectively.

Successive rounds of emergency response created lasting effects on staffing that risks core service delivery within homelessness and supportive housing teams. A comprehensive and proactive solution for encampment response and homelessness prevention necessitates the active involvement and on-going co-ordination of different levels of government with financial and non-financial measures. BC Housing is partnering with multiple levels of authority, implementing proactive measures to prevent homelessness and entrenchment, and, when encampments occur, working to mitigate the safety risks of encampments, improve the well-being of occupants, and seek temporary and permanent housing solutions for decampment.

The Business Transformation Program represents an exciting opportunity for BC Housing to modernize and enhance processes and systems; however, as with all transformation initiatives, there are some risks involved. Transformation requires substantive change across the organization, causing disruptions to current processes and practices that, while less efficient, are well-known and used by employees and partners. There will also be organizational culture change as a result of new governance and accountability practices, which will take time to be realized. Lastly, BC Housing is engaged in business transformation at the same time that the organization is engaged in significant delivery of safe, quality and affordable housing options for British Columbians, which potentially creates additional pressures for those engaged in both endeavors.

British Columbia has experienced extreme weather in recent years. These extreme weather trends pose ongoing challenges for the housing sector in B.C., requiring proactive measures to enhance resilience, adaptability and sustainability in housing infrastructure. BC Housing partners with non-profit housing providers to prepare for extreme weather by stocking up fans and air conditioners to distribute to housing sites when they are needed. Financial resources are directed to upgrade existing housing stock and incorporate climate-resilient housing design into new developments to withstand the effects of climate change and to ensure the health and safety of tenants.

Inflationary pressures on material costs, supply-chain challenges and higher interest rates have a profound effect on social housing developments. As costs within the housing market continue to rise, the price of construction materials and labour, which make up most of the capital budget, soar. This makes it increasingly difficult for non-profit housing providers to acquire or develop projects that offer affordable rents to tenants. Moreover, higher interest rates place additional financial burdens on non-profit housing providers through higher monthly mortgage payments or construction loan repayments. In addition, challenges with supply chains throughout the province have delayed schedules and caused costs to escalate. With additional financial investment from the Province, BC Housing is injecting additional capital grants to projects affected by the cost escalations with the goal of maintaining rent affordability.

Most community social service sector unions reached tentative or ratified contract agreements with B.C. government under the Shared Recovery Mandate. The new agreements offered significant increases in salary and benefits retroactive to 2022/23. The Province committed to fund the new changes; however, the specific details of each union agreement are to be determined. BC Housing will work closely with the Province and non-profit housing providers to make sure an appropriate funding level is provided to the sector while maintaining the financial viability of BC Housing.

## Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 [Mandate Letter](#) from the minister responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>In co-ordination with the Ministry of Attorney General and the Crown Agency Secretariat, continue to implement, support and report on BC Housing programs included in Homes for B.C.: A 30-Point Plan for Housing Affordability in British Columbia, as well as subsequent government commitments in Budgets 2019 and 2020 to create more permanent affordable and social housing, including those with the 10-year targets under the <a href="#">Building BC</a> programs:</p> <ul style="list-style-type: none"> <li>- 14,350 units through the Community Housing Fund</li> <li>- 1,500 units through the Women’s Transition Housing Fund</li> <li>- 1,750 units through the Indigenous Housing Fund</li> <li>- 2,500 units through the Supportive Housing Fund</li> </ul>	<p>BC Housing has continued to make progress delivering BC Housing programs with unit targets met for the past fiscal year.</p> <p>Work is ongoing to meet unit targets set under the 30-Point Plan.</p>
<p>Support the Ministry of Attorney General, in collaboration with other relevant ministries, in the development and implementation of a homelessness strategy, including development and continued delivery of permanent supportive housing, emergency shelters and homelessness outreach programs.</p>	<p>BC Housing has supported the Ministry of Housing in the planning process for the homelessness strategy. Part of the response includes the Supported Rental Supplement Program (SRSP), which aims to reduce and prevent homelessness by providing a co-ordinated network of clinical and non-clinical services to a portion of eligible federally funded CBCHB recipients.</p>

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Deliver more affordable housing through <a href="#">HousingHub</a> partnerships by:</p> <ul style="list-style-type: none"> <li>- providing low-interest construction loans;</li> <li>- expanding partnerships with non-profit and co-op housing providers to acquire and preserve existing rental buildings; and</li> <li>- developing new homeownership program streams through the affordable homeownership program (AHOP) and other new equity-building programs.</li> </ul>	<p>BC Housing has continued to work with partners to facilitate the creation of new affordable rental housing and homeownership options for middle-income British Columbians.</p>
<p>Support the Ministry of Attorney General and Minister Responsible for Housing in their work with the Ministry of Mental Health and Addictions, and other ministries and partners to explore and develop new models of higher-intensity supports than those currently provided in supportive housing.</p>	<p>Through partnership with the Ministry of Mental Health and Addictions, BC Housing has supported the creation of the new complex-care-housing model, which intends to support people with severe mental-health or substance-use issues, or traumatic and acquired brain injuries, who are homeless or unstably housed. The first four complex-care- housing sites were announced in Surrey, Abbotsford, and Vancouver in late 2022.</p>

## Appendix B: Auditor's Report and Audited Financial Statements

**British Columbia Housing Management  
Commission Financial Statements**

March 31, 2023



## Contents

	<b><u>Page</u></b>
Statement of Management Responsibility	2
Independent Auditor's Report	3 - 5
Statement of Financial Position	6
Statement of Operations	7
Statement of Cash Flows	8
Statement of Remeasurement Losses	9
Statement of Changes in Net Financial Assets	9
Notes to the Financial Statements	10 - 23

# British Columbia Housing Management Commission

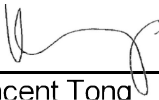
## Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 26, 2023. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded, and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations and cash flows in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Commissioners, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissioners. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Commissioners. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

  
\_\_\_\_\_  
Vincent Tong  
Chief Executive Officer

  
\_\_\_\_\_  
Sarf Ahmed  
Acting Vice President of Corporate Services  
and Chief Financial Officer

May 26, 2023



## Independent auditor's report

To the Board of Commissioners of British Columbia Housing Management Commission and Minister of Housing, Province of British Columbia

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of British Columbia Housing Management Commission (the Commission) as at March 31, 2023 and the results of its operations, changes in its net debt, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### What we have audited

The Commission's financial statements comprise:

- the statement of financial position as at March 31, 2023;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of remeasurement gains (losses) for the year then ended;
- the statement of changes in net financial assets for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806



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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern.



If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
May 26, 2023

# British Columbia Housing Management Commission

## Statement of Financial Position

	March 31 2023 (\$000's)	March 31 2022 (\$000's)
<b>Financial Assets</b>		
Cash	\$ 89,405	\$ 38,259
Portfolio investments (Note 3)	116,566	114,106
Receivables (Note 4)	29,666	24,620
Due from Province of British Columbia (Note 17)	1,007,103	406,933
Due from Canada Mortgage and Housing Corporation	41,742	35,764
Due from (to) Provincial Rental Housing Corporation (Note 17)	97,878	127,951
Construction loans to housing projects (Note 4)	1,222,582	927,565
Mortgages and loans receivable (Note 5)	18,068	24,428
	<u>2,623,010</u>	<u>1,699,626</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	190,161	141,112
Deferred revenue (Note 6)	226,783	184,636
Tenants' prepaid rent	1,673	1,475
Due to Provincial Treasury (Note 7)	999,661	736,024
Society funds held on deposit (Note 8)	30,766	28,682
Construction grants payable (Note 9)	977,199	459,944
Social Housing Agreement Reserves (Note 10)	4,542	4,442
	<u>2,430,785</u>	<u>1,556,315</u>
<b>Net financial assets</b>	<u>192,225</u>	<u>143,311</u>
<b>Non-financial assets</b>		
Prepaid expenses and housing subsidies	4,544	55,975
Tangible capital assets (Note 11)	11,575	10,370
	<u>16,119</u>	<u>66,345</u>
<b>Accumulated surplus</b>	<u>208,344</u>	<u>209,656</u>
Accumulated surplus comprises:		
Accumulated surplus from operations	201,370	201,345
Accumulated remeasurement gain (loss)	6,974	8,311
	<u>\$ 208,344</u>	<u>\$ 209,656</u>

Commitments (Note 16)  
Contingencies (Note 19)

On behalf of the Board of Commissioners:

Allan Seckel, Chair

See accompanying notes to the financial statements

# British Columbia Housing Management Commission

## Statement of Operations

Year Ended March 31	2023 Budget (\$000's) (Note 13)	2023 Actuals (\$000's)	2022 Actuals (\$000's)
<b>Revenue</b>			
Provincial contributions	\$ 2,025,979	\$ 2,185,473	\$ 1,743,414
Federal contributions	159,208	134,972	154,010
Tenant rent	36,885	38,539	38,480
Other (Note 12)	20,938	46,827	21,456
Portfolio investment income	4,000	4,170	4,138
	2,247,010	2,409,981	1,961,498
<b>Expenses</b>			
Grants	1,090,985	1,238,159	906,039
Housing subsidies	746,497	784,081	696,747
Rental assistance	137,467	105,291	119,426
Salaries and labour	98,622	93,569	86,290
Operating expenses	110,974	93,256	90,935
Building maintenance	20,180	26,533	22,505
Office and overhead	16,310	17,189	15,032
Utilities	10,925	11,244	11,325
Grants in lieu of property taxes (Note 14)	11,178	9,933	10,063
Research and education	1,235	1,650	2,178
Interest expense	2,637	29,051	930
	2,247,010	2,409,956	1,961,470
<b>Annual surplus from operations</b>		<b>25</b>	<b>28</b>
Accumulated surplus from operations at beginning of year		<b>201,345</b>	201,317
Accumulated surplus from operations at end of year		<b>\$ 201,370</b>	<b>\$ 201,345</b>

See accompanying notes to the financial statements

# British Columbia Housing Management Commission

## Statement of Cash Flows

Year Ended March 31	2023 (\$000's)	2022 (\$000's)
Cash flows provided by (used in)		
<b>Operating transactions</b>		
Annual surplus from operations	\$ 25	\$ 28
Non cash Items:		
Changes in non-cash working capital (Note 15)	(438,296)	(249,521)
Portfolio investment income	(4,170)	(4,138)
Discount on loans receivable	(493)	(1,181)
Depreciation of tangible capital assets	5,082	5,674
	<u>(437,852)</u>	<u>(249,138)</u>
<b>Capital transactions</b>		
Tangible capital asset additions net of disposals	<u>(6,287)</u>	<u>(4,188)</u>
<b>Investing transactions</b>		
Construction loans (provided) repaid (to) from housing projects	(295,017)	11,603
Cash redemption from short-term investments	672	560
Cash used for short-term investments	(183)	(1,065)
New mortgages provided	(944)	(150)
Mortgage payments received	7,797	11,164
	<u>(287,675)</u>	<u>22,112</u>
<b>Financing transactions</b>		
Grants received/receivable for construction	1,218,535	883,753
Grants used for construction	(701,281)	(841,777)
Loans provided by Provincial Treasury	2,941,090	1,628,331
Loan repayments to Provincial Treasury	(2,677,453)	(1,441,259)
Social Housing Agreement Reserves	(15)	(17)
Additions to society funds	10,585	7,839
Society funds used for projects	(8,501)	(2,068)
	<u>782,960</u>	<u>234,802</u>
Increase in cash	51,146	3,588
Cash, beginning of year	<u>38,259</u>	<u>34,671</u>
Cash, end of year	<u>\$ 89,405</u>	<u>\$ 38,259</u>

See accompanying notes to the financial statements



# British Columbia Housing Management Commission

## Statement of Remeasurement Gains (Losses)

Year Ended March 31	2023 (\$000's)	2022 (\$000's)
Accumulated remeasurement gain, beginning of year	\$ <u>8,311</u>	\$ <u>2,593</u>
Unrealized gain (loss) attributable to portfolio investments	<u>(1,337)</u>	<u>5,718</u>
Net remeasurement changes for the year	<u>(1,337)</u>	<u>5,718</u>
Accumulated remeasurement gain, end of year	\$ <u>6,974</u>	\$ <u>8,311</u>

## Statement of Changes in Net Financial Assets

Year Ended March 31	Budget (\$000's)	2023 (\$000's)	2022 (\$000's)
	(Note 13)		
<b>Annual surplus from operations</b>		\$ 25	\$ 28
Net remeasurement changes for the year		<u>(1,337)</u>	<u>5,718</u>
		<u>(1,312)</u>	<u>5,746</u>
Depreciation of tangible capital assets		5,082	5,674
Disposal of tangible capital assets		-	41
Acquisition of tangible capital assets	<u>(5,000)</u>	<u>(6,287)</u>	<u>(4,229)</u>
		<u>(1,205)</u>	<u>1,486</u>
Acquisition of prepaid expenses		(16,308)	(13,434)
Use of prepaid expenses		17,842	14,469
Net changes in prepaid subsidies		<u>49,897</u>	<u>(3,009)</u>
		<u>51,431</u>	<u>(1,974)</u>
Changes in net financial assets for the year		48,914	5,258
<b>Net financial assets, beginning of year</b>		<u>143,311</u>	<u>138,053</u>
<b>Net financial assets, end of the period</b>		\$ <u>192,225</u>	\$ <u>143,311</u>

See accompanying notes to the financial statements

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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### 1. General

The British Columbia Housing Management Commission (the Commission) is a Crown agency, established in 1967 to deliver on the provincial government's commitment to the development, management and administration of subsidized housing throughout the Province of British Columbia (the Province). This includes developing and facilitating new social housing, administering rental assistance programs, and a variety of other federal and/or provincial housing programs.

The Provincial Rental Housing Corporation (the Corporation) is a related entity to the Commission through common control by the Province. The Corporation holds property for social and other low-cost housing initiatives for the Province. It also holds land under long-term leases to housing providers. The subsidized rental housing units of the Corporation are managed and operated by the Commission. The Commission recognizes the related rental revenue of the housing units and is responsible for all the operating and administrative activities and related costs. The Commission administers agreements relating to operation of social housing units owned and/or managed by non-profit housing providers. Through the Licensing and Consumer Services Branch, the Commission also has responsibilities related to licensing of builders, home warranty insurance, and research and education to improve the quality of residential construction and consumer protection.

The Commission is exempt from federal and provincial income taxes.

### 2. Significant Accounting Policies

#### a) Basis of Presentation

These financial statements have been prepared in accordance with the Province of British Columbia, Ministry of Finance regulation 688-2010 that requires taxpayer-supported organizations to adopt Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

#### b) Use of Estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring use of estimates include the collectability of receivables, construction loans to housing projects and mortgages receivable as well as useful lives of tangible capital assets. Actual results could differ from those estimates.

#### c) Revenue Recognition

The Commission is funded primarily by the Province and the Canada Mortgage Housing Corporation (CMHC).

Tenant rent and other Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral. Eligibility criteria are the criteria that the Commission must meet in order to receive the contributions including authorization by the transferring entity.

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized in the year related expenses are incurred.

### d) Tenant Rent Revenue

Tenant rent revenue represents rent charged to residents and is determined as the lesser of market rent and a percentage of each resident's income.

### e) Tangible Capital Assets

Tangible capital assets are recorded at cost and depreciated over their estimated useful life (see Note 11). Computer software includes desktop applications, server applications and enterprise applications which is depreciated over a three-year, five-year and 10-year amortization period respectively. Computer hardware includes photocopier hardware, server hardware, datacentre and communication hardware and are depreciated on a three-year amortization period. Tenant improvements are amortized over respective lease term. All other capital assets are depreciated over a five-year amortization period.

Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the Commission to provide services or when the value of future economic benefits are less than their net book value. The write-downs are accounted for as expenses in the statement of operations.

### f) Employee Benefit Plans

The employees and employers of the public service contribute to the Public Service Pension Plan (the Plan), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefits pension plan and pension benefits are expensed as incurred. The Plan has approximately 68,000 active plan members and approximately 54,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2020, indicated an actuarial surplus of \$2.7 billion for basic pension benefits. The next valuation will be as at March 31, 2023 with results available in early 2024. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid \$7,644,971 for employer contributions to the Plan in fiscal 2022/2023 (2021/2022: \$6,703,838).

### g) Government transfers

The Corporation records government transfers (applicable to grants and housing subsidies) as expenses in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

### h) Financial Instruments

The Commission's financial instruments consist of cash, portfolio investments, receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, construction loans to housing projects, mortgages and loans receivable, accounts payable and accrued liabilities, due from Provincial Rental Housing Corporation, due to Provincial Treasury, Society funds held on deposit and construction grants payable.

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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Upon inception and subsequent to initial recognition, equity instruments quoted in an active market (portfolio investments) are measured at fair value. These financial instruments are identified in this note by financial asset and financial liability classification and are not reclassified into another measurement category for the duration of the period they are held.

All other financial assets and financial liabilities are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, loan receivables and mortgages receivable are recorded at amortized cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost.

The classification of financial instruments is determined upon their initial recognition. Financial instruments are classified as level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category as described below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Portfolio investments are recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Realized gains and losses are recognized in the statement of operations and unrealized gains/losses from changes in fair value are recorded in the statement of remeasurement losses. All other financial instruments are recorded at cost or amortized cost basis using the effective interest rate method where appropriate.

All financial assets are assessed annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

Transaction costs for financial instruments measured at fair value are expensed when incurred.

A financial liability or its part is derecognized when it is extinguished.

### i) New accounting standards adopted

Effective April 1, 2022, the Commission adopted section PS 3280 - Asset Retirement Obligations issued by the Public Sector Accounting Board. The adoption of this standard does not impact these financial statements.

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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### 3. Portfolio Investments

The Commission invests funds held on behalf of non-profit housing providers, funds for specific reserves and funds provided by ministries for specific housing projects. These investments are held in pooled investments and managed by five investment management firms. Income derived under the investments is reinvested into the portfolio. An investment committee meets periodically to review the performance of the fund managers and ensure compliance with the BC Housing investment policy. Quarterly reports are provided to the BC Housing Board of Commissioners. The investment policy has the following asset target components: 30% Fixed Income, 15% Canadian Equity, 20% Canadian Real Estate and 35% Global Equity.

### 4. Receivables and Construction Loans to Housing Projects

#### a) Receivables

Receivables are recorded at cost less an amount for allowance of doubtful accounts. The allowance is determined on the basis of past collection experience. As at March 31, 2023, the allowance totalled \$4,711,000 (2022: \$4,575,000). Changes in the valuation allowance are recognized in the statement of operations.

#### b) Construction Loans to Housing Projects

In its capacity as a *National Housing Act* (NHA) approved lender, the Commission advances approved interim construction loan draws to both non-profit housing providers and developers under the social housing and market rental housing programs. The loan advances are repaid upon project construction completion and arrangement of long-term takeout mortgages with CMHC and/or NHA approved lenders. The average period of construction financing ranges from eighteen to thirty-six months depending on the magnitude of the project. Borrowers are charged interim interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs. The average yield for the year 2022/2023 is 3.07% (2021/2022: 0.69%). The allowance for construction loans to housing projects for the year 2022/2023 totalled \$8,614,000 (2021/2022: \$8,614,000).

### 5. Mortgages and loans receivable

#### a) Non-profit Housing Provider Mortgages Receivable

The Commission periodically continues to hold construction financing mortgages receivable after construction completes. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. As of March 31, 2023, the total value of construction financing mortgages receivable was \$9,257,000 (2022: \$8,321,000). These receivables are secured by mortgages and/or promissory note

#### b) BC HOME Partnership Loans Receivable

Through the BC Home Owner Mortgage and Equity Partnership (BC HOME Partnership), the Commission assisted eligible first-time homebuyers by providing repayable down payment assistance loans. The loans, secured as a second mortgage by property, are interest and payment free for the first five years after which interest at prime plus 0.5% will begin to accrue and principal and interest payments will be amortized over 20 years. The initial interest rate is set when the loan is conditionally approved and will be reset at the Royal Bank of Canada Prime Rate plus 0.5% at each of the 10<sup>th</sup>, 15<sup>th</sup> and 20<sup>th</sup> anniversary dates.

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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As the first five years of the loans are concessionary, the loans have been recorded at the present value, discounted at prime plus 0.5%. The loan discount will be amortized into revenue and the loan receivable using the effective interest rate approach over the five-year concessionary term. The related concessionary loan expense is recorded at the time of issue and is included in housing subsidies expense. The program stopped accepting new applications on March 31, 2018. As at March 31, 2023, the total value of the loans receivable was \$8,735,000 (2022: \$16,031,000).

### 6. Deferred Revenue

Deferred revenue represents restricted contributions for the Corporation's specific programs, or restrictions pertaining to using the contributions in future periods.

	2022	Contributions Received / Receivable	Revenue Recognized	2023
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Provincial Contributions	\$ 31,758	1,353,331	(1,369,444)	\$ 15,645
Federal Contribution	152,060	179,712	(131,661)	200,111
Other Agencies	818	11,326	(1,117)	11,027
	\$ 184,636	\$ 1,544,369	\$ (1,502,222)	\$ 226,783

### 7. Due to Provincial Treasury

Amounts represent short-term funds borrowed from the Province for the purpose of facilitating the construction or renovation of affordable housing and also for the HousingHub program. The maximum amount is not to exceed \$800 million for construction or renovation of affordable housing, and \$2 billion for HousingHub. Amounts drawn bear interest at a rate charged by the provincial Ministry of Finance. The debt is available by way of a series of rolling short-term promissory notes (that, when due, can be rolled into further short-term promissory notes).

As of March 31, 2023, total borrowing used for construction or renovation of affordable housing was \$477,449,000 (2022: \$399,695,000) with interest rates ranging from 1.19% to 4.62%. As of March 31, 2023, total borrowings used for Housinghub projects was \$522,212,000 (2022: \$336,329,000) with interest rates ranging from 0.83% to 4.61%.

### 8. Society Funds Held on Deposit

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the prime rate minus 1.8%.

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

### 9. Construction Grants Payable

Grants for construction represent liabilities to individual projects in advance of construction. The remaining balance will be paid as construction progresses.

	2022	Construction grants recognized	Construction grants applied	2023
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Building BC:				
Rapid Response to Homelessness	\$ -	\$ (61)	\$ 61	\$ -
Affordable Rental Housing	-	14,864	(14,864)	-
Deepening Affordability	14,253	28	(6,917)	7,364
Community Housing Fund	172,015	342,487	(254,096)	260,406
Indigenous Housing Fund	83,227	87,115	(48,041)	122,301
Supportive Housing Fund	-	93,633	(93,633)	-
Women's Transition Housing Fund	-	69,156	(69,156)	-
Homeless Action Plan	-	4,203	(4,203)	-
Capital Renewal Funding (Non-profit & PRHC)	106,850	145,351	(115,565)	136,637
Investment in Housing Innovation	35,065	874	(15,657)	20,282
Pandemic Recovery Grant	-	1,253	(1,253)	-
BC PHI Provincial Matching	3,996	2,500	(1,500)	4,996
Mental Health Housing Initiative	1,219	-	(958)	261
Permanent Housing Plan	-	14,796	(14,796)	-
Shovel-Ready Housing Grant	-	248,450	(230)	248,220
Cost Pressure Grant	-	153,498	(25,070)	128,428
Other Project Grants	9,926	4,302	(2,918)	11,310
Federal Bilateral Agreement	30,576	31,427	(27,578)	34,425
Federal Rapid Housing Initiative (RHI)	2,772	-	(248)	2,524
Federal Co-Investment Fund	-	4,659	(4,659)	-
Other Federal Funding	45	-	-	45
	\$ 459,944	\$ 1,218,535	\$ (701,281)	\$ 977,199

### 10. Social Housing Agreement Reserves

The funds are available to offset future cost increases in the federal social housing portfolio due to inflation and changes in interest rates, or losses on loans owing by third parties. The funds are restricted under the Social Housing Agreement (SHA) and may only be used for housing within the SHA portfolio.

	2023	2022
	(\$000's)	(\$000's)
Balance, beginning of year	\$ 4,442	\$ 4,061
Funds applied	(15)	(17)
Investment income	115	398
Balance, end of year	\$ 4,542	\$ 4,442

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

### 11. Tangible Capital Assets

	2022 (\$000's)			2023 (\$000's)		
	Cost	Additions	Disposals	Cost		
Computer software	\$ 54,723	\$ 5,068	\$ 30,019	\$ 29,772		
Computer hardware	2,012	-	1,938	74		
Tenant improvements	14,329	855	2,455	12,729		
Office furniture	3,717	-	555	3,162		
Office equipment	129	-	-	129		
Vehicles	2,101	119	-	2,220		
Grounds equipment	2,045	245	26	2,264		
	\$ 79,056	\$ 6,287	\$ 34,993	\$ 50,350		

	Accumulated Depreciation	Depreciation	Disposals	Accumulated Depreciation
Computer software	\$ 47,690	\$ 3,573	\$ 30,019	\$ 21,244
Computer hardware	1,973	20	1,938	55
Tenant improvements	13,020	684	2,455	11,249
Office furniture	3,216	296	555	2,957
Office equipment	72	18	-	90
Vehicles	1,674	132	-	1,806
Grounds equipment	1,041	359	26	1,374
	\$ 68,686	\$ 5,082	\$ 34,993	\$ 38,775

<b>Net Book Value</b>	<b>\$ 10,370</b>			<b>\$ 11,575</b>
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### 12. Other Revenue

	2023 (\$000's)	2022 (\$000's)
Licensing & Consumer Service Revenue	\$ 5,740	\$ 6,865
Interest Revenue	32,865	5,205
Commercial Rent/Lease Revenue	3,007	3,387
Miscellaneous Revenue	5,215	5,999
Total Other Revenue	\$ 46,827	\$ 21,456

### 13. Budget Figures

Budgeted figures are provided for comparative purposes and are consistent with the budget presented in the 2023/2024 – 2025/2026 Service Plan that was released in February 2023.



# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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### 14. Grants in Lieu of Property Taxes

The Commission, on behalf of the Province, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

### 15. Changes in Non-Cash Working Capital

	2023	2022
	(\$000's)	(\$000's)
Accounts payable and accrued liabilities	\$ 48,746	\$ 21,445
Deferred revenue	42,450	(73,885)
Due from Canada Mortgage and Housing Corporation	(5,978)	5,914
Due from Province of British Columbia	(600,170)	(117,194)
Due from (to) Provincial Rental Housing Corporation	29,970	(80,833)
Prepaid expenses and housing subsidies	51,431	(1,974)
Receivables	(4,943)	(2,898)
Tenants' prepaid rent	198	(96)
	\$ (438,296)	\$ (249,521)

### 16. Commitments

#### a) Rental Obligations

The Commission has minimum rental obligations under operating leases for office space over the next five years and beyond as follows:

	(\$000's)
2024	\$ 5,995
2025	5,680
2026	5,090
2027	5,221
2028	5,316
Beyond	3,508
Total	\$ 30,810

#### b) Contractual Obligations- Housing Subsidies

The Commission has significant contractual obligations with non-profit housing societies for the provision of annual subsidies. These contracts are reviewed annually to evaluate the level of commitment. The forecasted amount over the next five years and beyond as follows:

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

		(\$000's)
2024	\$	370,050
2025		291,173
2026		239,075
2027		179,730
2028		152,189
Beyond		3,582,583
<b>Total</b>	<b>\$</b>	<b>4,814,800</b>

### c) Contractual Obligations- Construction

The Commission entered into construction contracts to build or renovate 281 projects that are owned by the Corporation. Total construction commitments as at March 31, 2023 was \$53,000,000. All construction contracts are expected to be completed within two years. As construction progresses, the asset values are recorded as work in progress (WIP) in the Corporation. Upon construction completion, WIP will be transferred to capital assets and depreciation will commence.

### d) Public-Private Partnership Commitments

The Commission has entered into a public-private partnership project (P3) with Habitat Housing Initiative (HHI) to renovate 13 Single Room Occupancy Hotels in Vancouver's Downtown Eastside. The information provided below shows the anticipated cash outflow, net of federal contributions provided during construction, for future obligations under the contract with HHI for the capital cost and financing, the facility maintenance and lifecycle costs as defined in the Project Agreement. Payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

As construction progresses, the asset values are recorded as capital assets and the obligation is recorded as a liability and included in long-term debt in the Corporation (see Note 16). Upon construction completion, the obligation will be met through the capital component of the monthly service payments over the term of the Project Agreement that is provided by the Commission. The capital portion of the payments due to HHI are recorded under Housing subsidies and are expensed to the Corporation.

	Capital (\$000's)	Facility Maintenance and Lifecycle (\$000's)	Total Payments (\$000's)
2024	9,461	3,292	\$ 12,753
2025	9,461	2,031	11,492
2026	9,461	2,040	11,501
2027	9,461	1,840	11,301
2028	9,461	1,994	11,455
Thereafter	26,805	5,876	32,681
<b>Total</b>	<b>\$ 74,110</b>	<b>\$ 17,073</b>	<b>\$ 91,183</b>

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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### e) Loan Insurance Agreement

CMHC provides loan insurance under the *NHA*. The CMHC/BC Housing Loan Insurance Agreement provides the Commission with the ability to arrange long term CMHC loan insured mortgages on behalf of non-profit housing providers. In the event of a loan default, the Commission is required to rectify the default and fully reimburse CMHC for claims paid to approved lenders. Since the establishment of the Loan Insurance Agreement in January 1993, the Commission has never had a claim made against the Loan Insurance Agreement. The Commission underwrites the mortgages in accordance with CMHC Handbook for multi-unit properties, registers a charge on title to ensure access to property and requires housing providers to enter into an operating agreement with BC Housing to ensure ongoing operational compliance and access to housing provider's financial information.

The maximum value of mortgages that can be insured under this agreement is \$4.5 billion. As of March 31, 2023, the total value of outstanding CMHC insured mortgages was \$3,161,207,052 (2022: \$2,967,467,062). There is no claim expected on this portfolio and the Commission has not recorded a provision for loss.

## 17. Related Party Transactions

### a) BC Government Reporting Entities

The Commission is related through common control to all Province of BC ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at the exchanged amount, which is the amount of consideration established and agreed to by the related parties. Funds are due on receipt of the invoice and bear no interest. As at March 31, 2023, total due from the Province was \$1,007,103,000 (2022: \$406,933,000).

### b) Provincial Rental Housing Corporation (the Corporation)

The Corporation was created in 1961 as a landholding corporation for social and other low-cost housing for the Province. The Corporation is a separate legal entity that was incorporated under the *Company Act* of the Province and has a separate governance structure. The rental housing units of the Corporation are managed and operated by the Commission. The assets and liabilities, including the capital cost of projects owned by the Corporation, and results from operations of the Corporation are not included in the statements of the Commission. Separate financial statements are prepared for the Corporation.

During the year, the Commission provided the Corporation \$304,571,000 (2021/2022: \$539,390,000) for capital grants, self-insurance, mortgage subsidies, etc. As of March 31, 2023, amounts due from the Corporation totalled \$97,878,000 (2022: \$127,951,000) and represented funds provided by the Commission to the Corporation for acquiring and developing properties under social housing programs. The balances are non-interest bearing with no set terms of repayment.

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

### c) Atira Women's Resource Society

Atira Women's Resource Society (Atira) and the Commission were related parties from April 1st to September 6th, 2022, due to the fact that the Chief Executive Officer (CEO) of Atira is the spouse of an individual who was the CEO of the Commission. In the year ended March 31, 2023, the Commission provided \$78.6 million (2022: \$75.2 million) to Atira, consisting of subsidies, capital grants, financing, COVID, and other miscellaneous expenses. As of March 31, 2023, the Commission had a receivable of \$1.9 million from Atira as a result of prior years' operation surplus, which was repaid in May 2023.

Atira and the Commission ceased to be related parties effective September 2022 upon retirement of the Commission's CEO.

## 18. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. The Commission has contractual rights to receive payment under a share cost agreement or to receive lease payments as follows:

Description	2024 (\$000's)	2025 (\$000's)	2026 (\$000's)	2027 (\$000's)	2028 (\$000's)	Thereafter (\$000's)
Annual funding under the Social Housing Agreement (SHA)	\$ 71,976	\$ 63,711	\$ 51,422	\$ 37,306	\$ 23,295	\$ 27,064
Annual funding under Bilateral Agreement	76,451	89,392		-	-	-
Land/and or building lease payments on properties owned by the Corporation	1,447	1,245	1,197	1,196	1,196	14,085
	\$ 149,874	\$ 154,348	\$ 52,619	\$ 38,502	\$ 24,491	\$ 41,149

## 19. Contingencies

### a) Letters of Credit

As of March 31, 2023, the Commission was contingently liable with respect to letters of credit totalling \$14,163,066 (2022: \$13,773,254) for municipal development cost charges.

### b) Legal Claims

The nature of the Commission's activities is such that there will be litigation pending or in progress at any time. With respect to claims at March 31, 2023, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Commission's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement.

### c) Collective agreements with BCGEU

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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The commission has two collective agreements (administrative/clerical division & maintenance/service division) with BC General Employees' Union (BCGEU) that expired on March 31, 2022. At at March 31, 2023, the bargaining process was still on. When a ratified agreement is reached, retroactive compensation will be calculated starting from April 1, 2022.

### 20. Financial Instrument Risks

The Commission, through its financial assets and liabilities, is exposed to credit risk, interest rate risk, market risk and liquidity risk. The following analysis provides a measurement of those risks at March 31, 2023:

#### a) Credit Risk

Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and portfolio investments, receivables, due from Province of British Columbia, due from Canada Mortgage and Housing Corporation, Due from Provincial rental Housing Corporation, mortgages and loans receivable and construction loans to housing projects.

Credit risk associated with cash is managed by investing these financial assets in instruments held with reputable Canadian chartered banks. Credit risk associated with portfolio investments is managed by investing in pooled funds that have a well-diversified portfolio of securities.

With respect to construction loans to housing projects, the development phase of a project bears some credit risk as a result of municipal zoning uncertainty, the capacity of non-profit housing providers, and funding availability. During this phase, credit risk is mitigated by an assessment of collectability. During the construction phase of a project, credit risk is low with respect to construction loans to housing projects owned by non-profit housing providers as the loans are secured by property and repaid at substantial completion of the project (see Note 4).

With respect to mortgages and loans receivables, credit risk is mitigated as these receivables are also secured by property (see Note 5).

The Commission is also exposed to credit risk through its CMHC indemnifications as in the event of a loan default, the Commission is required to rectify the default and fully reimburse CMHC for claims paid and approved to lenders. This is further disclosed in note 16 (e). The Commission mitigates this risk by identifying and locating an alternate housing provider to own the asset, continue the operation and assume the loan obligation. Since the establishment of the Loan Insurance Agreement in January 1993, the Commission has never had a claim made against the Loan Insurance Agreement.

The Commission is not significantly exposed to credit risk on its receivables from the Province and from the Corporation.

#### b) Market Risk

Market risk is comprised of currency risk, interest rate risk and other price risk.

Interest rate Risk

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

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Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, however this risk is mitigated due to the relatively stable Provincial borrowing rate and the fact that these loans are relatively short term in nature (within two years). Investments bear some interest rate risk, but these risks are mitigated through the diversification of the portfolio.

### Other price risk

Other price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Commission has an investment policy to ensure investments are managed appropriately and invested in diversified funds to secure the preservation of capital and the availability of liquid funds. The Commission has also retained qualified investment firms to invest surplus funds in accordance with its investment policy.

Currency risk - Currency risk is the risk arising from change in price of one currency in relation to another. The Commission is not exposed to currency risk.

### c) Liquidity Risk

Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met as they become due. To further manage liquidity risk, the Commission has a borrowing limit of up to \$2.8 billion with the Province, including an additional approved \$2 billion borrowing limit for the HousingHub program. The debt is available by way of a series of rolling short-term promissory notes. The Commission therefore can access further financing through these promissory notes as they are repaid in stages through the receipt of cash on construction loans receivable. Further financing can also be obtained through transfers and grants from the Province to mitigate this risk. The Commission has the option to sell its portfolio investments.

The majority of the Commission's financial assets and liabilities are current, maturing within one year. The table below shows the various financial assets and liabilities that mature after one year.

# British Columbia Housing Management Commission

## Notes to the Financial Statements

March 31, 2023

### 2023 March 31

<b>Financial assets</b>	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	<b>Total (\$000's)</b>
Construction loans to housing projects	\$ 787,185	\$ 435,397	\$ -	\$ 1,222,582
Mortgages and loans receivable	1,364	2,802	13,902	18,068
<b>Total</b>	<b>\$ 788,549</b>	<b>\$ 438,199</b>	<b>\$ 13,902</b>	<b>\$ 1,240,650</b>

<b>Financial liabilities</b>	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	<b>Total (\$000's)</b>
Society funds held on deposit	\$ 561	\$9,093	\$21,112	\$ 30,766

### 2022 March 31

<b>Financial assets</b>	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	<b>Total (\$000's)</b>
Construction loans to housing projects	\$ 446,772	\$ 480,793	\$ -	\$ 927,565
Mortgages and loans receivable	458	3,178	20,792	24,428
<b>Total</b>	<b>\$ 447,230</b>	<b>\$ 483,971</b>	<b>\$ 20,792</b>	<b>\$ 951,993</b>

<b>Financial liabilities</b>	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	<b>Total (\$000's)</b>
Society funds held on deposit	\$ 2,844	\$ 6,110	\$ 19,728	\$ 28,682

## 21. Subsequent Event

Budget 2023 provides an increased borrowing limit of \$839 million to BC Housing, bringing the total borrowing limit to \$3.639 billion for facilitating the construction or renovation of affordable housing and the HousingHub program.

