

BC Housing

2018/19

ANNUAL SERVICE PLAN REPORT

July 2019



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Board Chair's Accountability Statement



The *BC Housing 2018/19 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2018/19 - 2020/21 Service Plan* created in February 2018. I am accountable for those results as reported.

A handwritten signature in black ink that reads "Cassie J. Doyle". The signature is written in a cursive, flowing style.

Cassie J. Doyle
Board Chair

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Chair/CEO Report Letter

We are pleased to submit the BC Housing 2018/19 Annual Service Plan Report. The results described in this report are from our commitments in the 2018/19-2020/21 Service Plan and align with our February 2018 [Mandate Letter](#).

Since February 2018 BC Housing has made the following achievements with respect to our Mandate Letter:

- Initiated four *Building BC* affordable housing funding programs and launched HousingHub;
- Continued to work with the non-profit and co-op housing sector to support capacity and efforts to increase, renovate and preserve the supply of affordable housing;
- Enhanced the *Shelter Aid for Elderly Renters* program and *Rental Assistance Program*;
- Identified opportunities to support housing providers and to ensure they have the tools needed to deliver on government's priorities;
- Supported the Ministry of Municipal Affairs and Housing and the Ministry of Social Development and Poverty Reduction in the development of the Homelessness Action Plan, including coordinating the 2018 Report on Homeless Counts in B.C.;
- Promoted energy efficient, low carbon, resilient and sustainable approaches in our affordable housing projects, including adoption of the higher steps of the BC Energy Step Code;
- Initiated a review of our livegreen Housing Sustainability Plan in the context of the new CleanBC plan;
- Contributed to support the Indigenous housing sector through a range of initiatives including development programs, support to the Aboriginal Housing Management Association, and partnerships for the delivery of education and training to Indigenous housing providers and First Nations;
- Supported the Child Care BC initiative by working with the Ministry for Children and Family Development and the Minister of State for Child Care to assess opportunities for the inclusion of child care facilities within new affordable housing developments, where appropriate;
- Engaged a third party to report on recommendations to improve BC Housing's operations, performance and comprehensive governance.

BC Housing's senior leadership engages with the ministry responsible on an ongoing basis and through quarterly accountability meetings with the Deputy Minister and Assistant Deputy Minister where performance results are monitored.

In 2018/19, BC Housing welcomed three new Commissioners to our board. BC Housing's orientation program for new Commissioners supports them in becoming familiar with BC Housing's mandate, finances, programs and governance oversight responsibilities. Board members also participated in learning and development opportunities including ongoing offerings provided by the Institute of Corporate Directors as well as public forums related to challenges and solutions to address housing affordability issues in communities across the province.



Cassie J. Doyle
Board Chair



Shayne Ramsay
Chief Executive Officer

Purpose of the Annual Service Plan Report

The Annual Service Plan Report (ASPR) is designed 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, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

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 on 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 six branches. Additional information such as our mandate, mission, vision, and values can be found on the [BC Housing website](#).

In 2018/19, BC Housing assisted 110,464 households in 285 communities across the province, including a growing number of First Nations, through a range of programs, initiatives and partnerships. Assistance ranged from emergency shelter and homeless outreach, transition houses, safe homes and second stage housing, independent and supportive social housing, rent assistance in the private market, home adaptations for seniors and persons with disabilities, as well as help for first time homeowners. BC Housing worked in partnership with the non-profit, co-op and Indigenous housing sectors to deliver most of these programs. Additionally, approximately 7,800 residential builders were licensed, 1,090 owner builders were authorized, and 36,780 new homes were enrolled in home warranty insurance through third-party home warranty insurance providers.

Strategic Direction

The strategic direction set by Government in 2017 and expanded upon in the Board Chair's [Mandate Letter](#) from the Minister of Municipal Affairs and Housing in 2018 shaped the [2018/19 – 2020/2021 Service Plan](#) and the results are reported in this ASPR.

The following table highlights the key goals, objectives or strategies that support the key priorities of Government identified in the 2018/19 BC Housing Service Plan:

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

Operating Environment

Several changes within BC Housing’s operating environment positively impacted 2018/19 performance results. Most significantly, *Budget 2018* provided new provincial government funding commitments to implement four new *Building BC* funding programs: *Community Housing Fund*, *Women’s Transition Housing Fund*, *Indigenous Housing Fund*, and *Supportive Housing Fund*. HousingHub was also launched through *Budget 2018* – this new office facilitates partnerships to create market-based and affordable housing for middle-income and working households. *Budget 2018* also enhanced rent assistance programs for families and seniors, and it provided funding to preserve existing affordable housing through building repairs, maintenance, critical life safety, seismic and fire safety and energy performance upgrades. These initiatives support BC Housing’s work in responding to the most serious housing affordability challenges in communities across the province.

Over the course of the year a range of responses and mitigation strategies were implemented to address new and existing challenges:

- An increase in the number of people experiencing homelessness continued to give rise to several tent city situations. In response, BC Housing worked with local governments and other partners to provide emergency shelters and supportive housing options with on-site supports. To mitigate or address neighbourhood concerns, BC Housing delivered a variety of community engagement events such as open houses and public information sessions to help build awareness and acceptance and listen to community concerns.
- British Columbia experienced continued pressure on housing affordability, especially for low- to medium-income households in the major urban centres. BC Housing issued calls for proposals under four of the *Building BC* programs and initiated projects across the province with new partners, including local governments, First Nations and community organizations.
- Cost pressures related to new housing development and construction continued to escalate, e.g., costs of building materials, transportation and skilled trades. Responses and mitigation strategies were put in place to manage rising costs for new projects.

- BC Housing continued to take steps to understand and integrate the United Nations Declaration on the Rights of Indigenous Peoples, and the Calls to Action of the Truth and Reconciliation Commission, into our operations and business practices. In addition, in keeping with the Tsilhqot'in Aboriginal Title case, BC Housing continued to respect consultation and accommodation requirements with First Nations for Provincial Rental Housing Corporation properties in traditional territories.
- Operational efficiency and performance risks were addressed through our Human Resources' [People Strategy](#) including monitoring of employee engagement and workload requirements related to the development and launch of new affordable housing programs over the fiscal year. In addition, BC Housing's governance and oversight review was commenced which, once completed, will also provide recommendations in this area.

Report on Performance

Goals, Objectives, Measures and Targets

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

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

At the end of 2018/19, there were over 20,900 applicants on the Housing Registry, a centralized database managed by BC Housing of applicants in search of subsidized housing. Through BC Housing, direct government investment in the creation of new affordable housing will support people on the Housing Registry and those in need, including families, seniors, youth, people with disabilities, Indigenous peoples, those experiencing homelessness and at risk of homelessness, and women and children fleeing abusive relationships.

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

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

Objective 1.1 Increase affordable housing supply with government financial assistance

Key Highlights:

- Implemented new *Building BC* affordable housing funding programs: [Community Housing Fund](#), [Supportive Housing Fund](#), [Indigenous Housing Fund](#), and [Women's Transition Housing Fund](#).
- Continued to implement programs to break the cycle of homelessness including the [Rapid Response to Homelessness initiative](#), [Emergency Shelter Program](#), [Homeless Outreach Program](#), and [Homeless Prevention Program](#).
- Supported the Ministry of Municipal Affairs and Housing and the Ministry of Social Development and Poverty Reduction in the development of the Homelessness Action Plan, including coordinating the [2018 Report on Homeless Counts in B.C.](#)
- Enhanced the [Shelter Aid for Elderly Renters \(SAFER\)](#) program and [Rental Assistance Program \(RAP\)](#), providing greater financial assistance to low-income seniors and working families renting in the private market.
- Supported women (with or without dependent children) who have experienced violence or are at risk of experiencing violence through the [Transition Houses](#), [Safe Homes](#) and [Second Stage Housing](#) programs.
- Improved the physical accessibility of homes for low-income seniors and persons with disabilities through the [Home Adaptations for Independence](#) program.

Performance Measures	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
1.1a Number of households that benefit from provincial housing programs for affordable and supportive housing	105,140	107,205	111,638	110,464	116,094 ¹	121,203 ¹
1.1b Number of supportive housing units created ¹	963	1,658	1,637	2,669	3,035 ³	4,626 ³
1.1c Number of affordable housing units created, including affordable rental and social housing as well as owner-purchase homes ²	1,041	1,338	1,901	1,511		
1.1d Number of households receiving rental assistance in the private market ⁴	31,329	32,335	35,250	33,494	36,500	38,000

Data Source:

¹ The 2019/20 and 2020/21 targets were revised during the planning for the 2019/20 Service Plan. Targets were reviewed, taking into account the dates of completion for units through new construction or acquisition.

² BC Housing's data systems that track progress of new units created.

³ Performance measures' 1.1b and 1.1c were combined in the 2019/20 – 2021/22 Service Plan.

⁴ This measure includes two programs: *Shelter Aid for Elderly Renters (SAFER)* and *Rental Assistance Program (RAP)*.

Discussion

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

The target for number of households that benefit from provincial housing programs for affordable and supportive housing units (Performance Measure 1.1a) was not reached in the 2018/19 fiscal year; however most planned units will be delivered in the subsequent fiscal year.

In 2018/19 BC Housing created 4,180 new units of housing (2,669 supportive and 1,511 affordable) in 51 communities across the province, surpassing the overall combined target of 3,538 (combining Performance Measures 1.1b and 1.1c). The target for supportive housing units was exceeded primarily due to project completions under the *Rapid Response to Homelessness* initiative.

These 4,180 new units were created through various programs including: 291 units under the *Community Partnership Initiatives*, 237 units through the *Canada/BC Investment in Affordable Housing* program, 392 units under *Provincial Investment in Affordable Housing*, 596 units through the *Housing Priority Initiatives* program, 1,306 units under the *Rapid Response to Homelessness* program, 264 units under the *Supportive Housing Fund*, 44 units under the *Women's Transition Housing Fund*, 84 beds for group homes, and 966 units under various other programs (including 23 units for women fleeing violence). Of the total new units created, 3,593 units were constructed through our development programs and 587 units are a combination of new rent supplements and units made newly available for vulnerable populations within existing purchased buildings.

The complexity of the development process, local approvals and industry trends such as interest rates, construction costs, and labour availability were risks to attaining the 2018/19 targets for creating new units. To mitigate and manage risk, BC Housing worked closely with municipalities and communities to collaboratively address challenges experienced with the delivery of supportive and affordable housing projects. Opportunities, such as the availability of construction-ready municipal land, particularly for modular supportive housing, helped to exceed the combined target for new supportive and affordable housing units created.

The target for number of households receiving rental assistance in the private market (Performance Measure 1.1d) was not reached due to the number of new applications being lower than expected following enhancements in September 2018 to the *Rental Assistance Program* and *Shelter Aid for Elderly Renters (SAFER)* program. Marketing activities are in place to help ensure that more eligible households are aware of the programs.

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

Key Highlights:

- Established [HousingHub](#), a new partnerships office at BC Housing to actively bring together non-profits, developers, landowners, lenders, and others in the community housing sector to increase the supply of affordable rental and owner purchase housing.
- Promoted HousingHub as a toolkit of options for developing affordable housing where ideas can be discussed, and for identifying missing elements in new project proposals.
- Actively pursued partnerships with the non-profit and for-profit sectors, faith groups, owners of existing housing, the federal and local governments and others to find and use, or re-use, available land in areas experiencing housing affordability challenges.
- Sought out non-traditional partners who have land and want to contribute to affordable housing in their communities.
- Acted as a project coordinator and facilitator for land owners who are not experienced developers, but want to create affordable housing, at a reasonable cost and with a reasonable rate of return while benefiting their community.
- Helped enable access to Provincial land for affordable housing and offered low-cost financing.
- Researched new models and approaches to promote the development of affordable housing and to support community housing partners in their efforts to increase affordable housing supply.
- Worked with the provincial government, including the Ministry of Municipal Affairs and Housing to reduce or remove unnecessary barriers created by provincial regulations and policies as well as to identify and advance innovative approaches by local governments to support the efficient delivery of affordable homes.

Discussion

The objective relates to how BC Housing can better support the work of the community housing sector to create more affordable housing that does not require ongoing government financial assistance or subsidies. The HousingHub was identified in *Homes for B.C.: A 30 Point Plan for Housing Affordability in British Columbia* and was established in the 2018/19 fiscal year. BC Housing identifies and advances innovative approaches to create market-based and affordable housing both for rent and for purchase.

Progress was made on creating new affordable units through the HousingHub in 2018/19. Approximately nine projects were initiated, totaling more than 960 units of affordable housing. These projects will be completed in future years.

The HousingHub works with non-profits and private developers, faith groups, property owners, federal and local governments, and Indigenous partners to locate, use, or repurpose, land in communities where affordability is an issue. Partners may receive low-cost financing in exchange for building affordable housing. Local governments will benefit through housing that fits the needs of people in their communities. HousingHub will also work with municipalities to minimize regulatory barriers and expedite the development process. Provincial land will also be designated for some projects.

As HousingHub becomes more established, metrics will be developed to quantify the number of housing units created through BC Housing's HousingHub. The measure will reflect BC Housing's relationship with the community housing sector.

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

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

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

Key Highlights:

- Identified opportunities within BC Housing's operational review process to help housing providers improve financial, operating and governance practices to ensure housing providers have the tools needed to deliver on BC Housing's objectives and government's priorities.
- Reformed existing social housing operating agreements and programs to provide greater flexibilities and tools for non-profit housing providers to support long-term sustainability.
- Worked with BC Non-Profit Housing Association (BCNPHA) to identify and carry out initiatives that support non-profit capacity, including joint research projects, the delivery of the SkillsPlus program for maintenance and site staff working with non-profit housing providers and Indigenous communities, as well as new education courses for non-profit housing providers.
- Established partnerships with the co-op housing sector to support its capacity and efforts to increase, renovate and maintain the supply of affordable housing within the province.

Performance Measure	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.1 Percentage of non-profit housing provider financial reviews carried out by BC Housing within five months from date of submission	52%	70%	60%	67%	70%	70%

Data Source: This measure is gathered by BC Housing as part of the operational review process with housing providers. The 2019/20 and 2020/21 targets were revised during the planning for the 2019/20 Service Plan. Trend data indicated the results would be above the previously set 2019/20 and 2020/21 targets, and as a result, the targets were changed.

Discussion

A timely financial review process enables housing providers to know with accuracy what their budget will be for the year ahead and helps to avoid situations of subsidy overpayments or underpayments which must be later addressed. It also relies on establishing good relations and communications with non-profit housing partners. Targets demonstrate improvement over the current baseline level of 52 percent of financial reviews carried out within five months. In 2018/19, we exceeded the target by seven percentage points, with 67 percent of the financial reviews completed within the five-month timeframe.

Objective 2.2: Protect existing social housing

Key Highlights:

- Provided funding for the maintenance and rehabilitation of existing social housing.

Performance Measure	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.2 Facility Condition Index	18%	19%	17% to 22%	21%	16% to 21%	16% to 21%

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 (FCI). This index quantifies the physical condition of the social housing stock. The calculation is the cost of a building's renewal and replacement needs divided by its replacement cost, expressed as a percentage. A lower value indicates a better housing condition. The 2019/20 and 2020/21 targets were revised for the 2019/20 Service Plan to reflect the increased provincial investments into the capital renewal of existing housing.

Discussion

The Facility Condition Index (FCI) is an indication of the condition of a building – a lower percentage corresponds to a better building condition. The FCI calculation is the cost of a building's renewal and replacement needs divided by its replacement cost, expressed as a percentage. The FCI is used to assist with investment decisions and strategic directions regarding capital planning and rehabilitation budgets for social housing. Without adequate continued investment in the existing social housing stock, the FCI rises over time.

Targets are set to reflect an acceptable service level for buildings and building conditions for tenants. As of March 31, 2019, results indicated a portfolio FCI rating of 21 percent, which is within the targeted range of 17 to 22 percent. The result of 21 percent for the social housing stock consists of:

- 29 percent for the directly managed portfolio, and;
- 19 percent 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 which contributed to achieving our target include:

- Improvements in the quality of life and safety of the homes for tenants in over 576 sites across the province;
- \$95.54 million of capital spending for maintenance and rehabilitation of buildings;
- The addition of 3,214 new units to the overall portfolio of units assessed; and
- Improved accuracy of calculations made possible by updates to BC Housing's data and systems and collaboration with housing providers.

Goal 3: Enhance Indigenous partnerships

BC Housing works with our Indigenous housing partners to enhance partnerships and relationships and increase self-reliance in the sector. This is intended to help address the over representation of Indigenous peoples within the homeless population and in housing that is not adequate or affordable. Increasingly we are working with First Nations communities, recognizing the benefit of partnerships to help address housing issues.

This goal is particularly important given that, as of 2018/19, British Columbia was the first province in Canada to invest provincial housing funds into housing in First Nation communities through opportunities provided by the new *Building BC* programs and significant new levels of provincial housing investments.

BC Housing works to ensure that the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Calls to Action of the Truth and Reconciliation Commission (TRC) are incorporated as appropriate into our operations and business practices.

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

Key Highlights:

- Created more housing options for Indigenous peoples through our programs and partnerships, including implementing the [*Building BC: Indigenous Housing Fund*](#) to create more affordable housing units.

- Helped support improvements to housing conditions in First Nations’ communities through partnerships to help communities maintain housing that meets or exceeds industry standards for safety, durability, accessibility, healthy living and energy efficiency.
- Leveraged opportunities to promote employment, skills training and business development for Indigenous peoples through the delivery of our programs and business activities.
- Helped build a strong Indigenous housing sector through a range of initiatives including existing development programs, support to the Aboriginal Housing Management Association, and partnerships for the delivery of education and training to Indigenous housing provider and First Nations.
- Provided BC Housing staff with opportunities to gain a stronger understanding of the cultural aspects related to Indigenous partnerships, including learning offerings on UNDRIP and the *Calls to Action of the TRC*.

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

Data Source: The Canadian Council for Aboriginal Business.

¹ Re-certification year.

Discussion

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

Although the certification process occurs every three years, our work to promote stronger Indigenous partnerships is ongoing. BC Housing’s current plans, initiatives and collaboration efforts support the goal of continual improvement each year. The Gold certification result demonstrates BC Housing’s active and on-going commitment to supporting the Indigenous housing sector and our Indigenous housing partners. The next certification process will occur again in 2020. Benchmarking is conducted on a national level against other Canadian companies participating in the PAR Certification program.

Goal 4: Leadership in residential construction and sustainability

This goal brings together two areas where we have significant leadership responsibilities. Through the Licensing and Consumer Services branch, we partner with industry and government partners to initiate [technical research and education](#) projects that promote the durability and energy efficiency of new residential construction. Research findings are applicable across both the private and social

housing sectors; BC Housing plays an important role in ensuring the dissemination of beneficial findings across sectors such as improving energy performance of multi-unit buildings and providing building enclosure design guidelines. Our technical research and education activities also support provincial priorities related to building codes and standards, such as the new Energy Step Code.

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

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

Key Highlights:

- Continued to administer consumer protection measures for buyers of new homes through an enhanced building licensing system.
- Liaised with the Ministry of Municipal Affairs and Housing to facilitate changes to the *Homeowner Protection Act* Regulations pertaining to continuing professional development requirements.

Performance Measure	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
4.1 Builders’ rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements, and the owner-builder exemption regarding home warranty insurance	85%	87%	80% or higher	82%	80% or higher	80% or higher

Data Source: Annual Licensed Residential Builder Survey.

Discussion

This is a measure of the overall health of the builder licensing, home warranty insurance and owner-builder authorization system, whereby compliance issues are dealt with quickly and effectively by the Licensing and Consumer Services branch. 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 strategic initiatives underway to enhance compliance efforts each year over the three-year service planning period.

The 2018/19 survey results are lower than 2017/18 with 82 percent of builders who responded to the survey felt that the effectiveness of the compliance efforts was “very effective” or “effective”. This result exceeds the target of 80 percent.

Objective 4.2: Environmental leadership in the housing sector

Key Highlights:

- Promoted energy efficient, low carbon and resilient approaches and sustainability in affordable housing created through our programs, including adoption of the higher steps of the BC Energy Step Code.
- Initiated technical projects in partnership with industry and government related to the quality and sustainability of residential construction.
- Implemented our *livegreen* Housing Sustainability Plan with a concentration on:
 - a. Integration of financial, social and environmental considerations in decision-making;
 - b. Innovation in the design, construction and management of housing; and
 - c. As a change agent, guiding and supporting others in taking actions towards sustainability.
- Initiated a review of our *livegreen* Housing Sustainability Plan in the context of the Province's CleanBC plan.

Performance Measure	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
4.2 Percent reduction in greenhouse gas emissions from 2005 levels	Reduction of 31%	Reduction of 28%	Reduction of 25% to 30%	34%	Reduction of 25% to 30%	Reduction of 30% to 35%

Data Source: Provided directly from utility companies and compiled by an external consultant. In accordance with legislative requirements, the targets and results are based on a calendar year, e.g., results for 2018 are reported in the 2018/19 Actuals column.

Discussion

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

Targets are set to achieve a 25 percent or more reduction in GHG emissions from the 2005 level. The baseline, which was calculated across the housing portfolio in 2005, has been maintained to compare our reductions. Targets consider anticipated changes to the housing portfolio. Annual targets are comparisons to GHG emission levels from 2005 level (they are not cumulative) and take into account anticipated changes to the housing portfolio over the three-year Service Plan period.

In 2018, total GHG emissions related to energy use for heating and electricity in all buildings owned or leased by BC Housing, including directly managed buildings, group homes operated by non-profit housing societies, and Single Room Occupancy (SROs), were reduced by 34 percent from the 2005 level, significantly exceeding the annual reduction target range. These results can be attributed to multi-year building upgrades and energy programs, renovation of 13 SROs in Vancouver's Downtown Eastside through the *Single Room Occupancy Renewal Initiative*, and successful implementation of higher efficiency heating and lighting technologies in new and older buildings,

combined with installation of heating systems low in carbon emissions and ongoing improvements in energy management practices across the portfolio.

The total 2018 GHG emissions from buildings were 22,110 tonnes of CO₂e¹. This represents a 34 percent decrease in emissions compared to the 2005 baseline year and means there has been a five percent decrease in emissions in 2018 compared to 2017. This is due to a warmer than normal winter in 2018 in many areas of the province, resulting in less energy used for heating.

Financial Report

In 2018/19, BC Housing's revenues and expenditures totaled \$1.25 billion an increase of \$464.9 million over 2017/18. Services to improve housing options for British Columbians ranged from housing supports for the most vulnerable, affordable rental housing options for low income families and seniors, as well as consumer protection and improved quality of residential construction in the private market. In total, 110,464 households were assisted, an increase of over 3,200 from the previous year.

Discussion of Results

Highlights

The year over year growth primarily reflects new programs approved in the September *Budget 2017 Update* and in *Budget 2018*. These include the new *Building BC* programs: *Rapid Response to Homelessness*, *Affordable Rental Housing program*, *Community Housing Fund*, *Supportive Housing Fund*, *Women's Transition Housing Fund*, and the *Indigenous Housing Fund*; and investments into the capital renewal of existing social housing owned by Provincial Rental Housing Corporation (PRHC) and non-profit housing providers.

Budget 2018 also provided funding for enhancements to the *Shelter Aid for Elderly Renters (SAFER)* and *Rental Assistance Program (RAP)*. However, actual results were lower than budget; while actual results reflect a rising SAFER caseload, there has been a declining *Rental Assistance Program* caseload. An advertising and communication campaign has been implemented to inform low-income working families of the enhancements to the eligibility criteria for RAP.

The lower than budgeted rental assistance costs as well as higher than anticipated interest earnings allowed for higher spending in areas of homelessness. Rapidly rising rents, low incomes, and increasing homelessness complexity have placed pressures on the shelter system with requirements to respond to emerging and established homeless encampments.

¹ CO₂e is an abbreviation for carbon dioxide equivalent.

Financial Resource Summary¹

(S000)	2017/18 Actual	2018/19 Budget	2018/19 Actual	2018/19 Variance
Operating Revenue				
Provincial Share ²	513,223	1,091,596	1,089,248	(2,348)
Federal Share	208,583	140,446	92,164	(48,282)
Other ³	60,286	48,095	65,570	17,475
Total Revenue	782,092	1,280,137	1,246,982	(33,155)
Operating Expenses				
Grants	117,654	519,101	523,178	4,077
Housing Subsidies	417,998	475,552	454,879	(20,673)
Rental Assistance	118,060	147,266	126,434	(20,832)
Salaries and Labour	58,120	67,683	64,064	(3,619)
Operating Expenses	22,917	25,374	26,091	717
Building Maintenance	18,414	15,230	20,508	5,278
Office and Overhead ⁴	12,360	11,951	12,459	508
Utilities	8,288	8,910	8,993	83
Grants in lieu of Property Taxes	7,162	7,109	7,976	867
Research and Education ⁴	1,057	1,336	2,275	939
Interest Expense	27	625	97	(528)
Total Expenses	782,057	1,280,137	1,246,954	(33,183)
Net Income	35	-	28	28
Total Liabilities	25,028	5,000	5,000	-
Accumulated Surplus /Retained Earnings	196,605	198,075	195,435	(2,640)
Total Capital Expenditures	4,724	4,000	6,517	2,517

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles;

Note 2: In 2018/19 this includes funding of \$761.0 million provided directly by the provincial government to BC Housing, \$300.9 million from the Housing Priority Initiatives Special Account, \$12.9 million from the Housing Endowment Fund, \$14.4 million from other partnering ministries/agencies .

Note 3: This includes tenant rent and revenues from other sources including builder licensing fees.

Note 4: The 2018/19 budget matches the 2018/19 Service Plan but differs from the audited financial statements. The difference is due to a reallocation of \$80 thousand from Research and Education to Office and Overhead to offset the increased costs related to administering the growing industry research and education portfolio for the Licensing and Consumer Services branch of BC Housing.

Variance and Trend Analysis

Revenues

The Financial Report Summary Table shows BC Housing's actual revenues totalled \$1.25 billion in 2018/19, which is \$33.2 million lower than the 2018/19 budget, and a \$464.9 million increase from the previous year. These variances reflect changes in provincial revenue, federal revenue, and other revenue.

Provincial Revenue

Provincial revenue was \$2.3 million lower compared to the 2018/19 budget and increased by \$576.0 million compared to the previous year. The budget variance is primarily due to changes in construction schedules for new projects. New funding for construction grants to projects under the *Building BC* programs, as well as funding for the capital renewal of existing housing owned by PRHC and non-profit housing providers and enhancements to the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* program account for the majority of the year over year variance.

Federal Revenue

Federal revenue was \$48.3 million lower compared to the 2018/19 budget and decreased by \$116.4 million compared to the previous year. Lower than budgeted contributions under the *Social Housing Agreement* (SHA) accounts for the budget variance. This variance will reverse over the remaining term of the agreement. Along with the reduced SHA contributions recorded in 2018/19 funding under the *Social Infrastructure Fund Agreement* ended in 2017/18 accounting for the year over year variance.

Other Revenue

Other revenue was \$17.5 million higher compared to the 2018/19 budget and increased by \$5.3 million compared to the previous year. The majority of the budget variance is due to higher interest revenue, while other small increases including tenant rent, commercial rent, fees and licenses collected by the Licensing and Consumer Services Branch of BC Housing, and miscellaneous revenues make up the difference. The year over year increase is mainly due to higher interest revenue and tenant rent.

Expenditures

The Financial Report Summary Table shows BC Housing's actual expenditures totalled \$1.25 billion in 2018/19, which is \$33.2 million lower compared to the 2018/19 budget, and an increase of \$464.9 million compared to the previous year. Major variances include:

Grants

Grants were \$4.1 million higher compared to the 2018/19 budget and increased by \$405.5 million compared to the previous year.

Grants were higher than budget primarily due to the acceleration from 2019/20 to 2018/19 of Deepening Affordability grants which were given to existing projects in the *Investment in Housing Innovation* and *Provincial Investment in Affordable Housing* programs to offset increased construction costs and/or lower the mortgage required at project completion. Construction grants were also given to additional projects in the *Community Housing Fund* and *Supportive Housing Fund*. The higher than budgeted grants mentioned previously are offset by lower grants due to delays in delivering units under the *Rapid Response to Homelessness* and *Indigenous Housing Fund* programs. Capital renewal funding grants for existing projects were lower than budget as funding was later transferred to Building Maintenance for non-routine or life cycle maintenance.

The year over year increase is made up of new construction grants in the *Building BC* programs. Other increases include the new Deepening Affordability grants and funding provided for capital renewal projects in existing non-profit and PRHC owned buildings. These increases for grants in new programs are partially offset by the 2017/18 ending of grants in *Mental Health Housing* program, and the federally funded *Social Infrastructure Fund*.

Housing Subsidies

Housing Subsidies were \$20.7 million lower compared to the 2018/19 budget and increased by \$36.9 million compared to the previous year. The budget variance results from lower subsidies paid under the *Rapid Response to Homelessness* (RRH) program as operating start dates on these projects were delayed due to changes in project construction schedules. Savings from the RRH program were partially offset by higher funding to provide additional housing for people who are experiencing homelessness or at risk of homelessness. The increase from the previous year is mostly attributable additional shelter spaces and to new projects in the following programs: *Rapid Response to Homelessness*, *Supportive Housing Fund* and *Mental Health Housing*.

Rental Assistance

Rental Assistance was \$20.8 million lower compared to the 2018/19 budget and increased by \$8.4 million compared to the previous year. In September 2018, enhancements to the *Shelter Aid for Elderly Renters* (SAFER) program and the *Rental Assistance Program* (RAP) were implemented. During the year, the number of clients receiving assistance under SAFER increased but the number of clients receiving RAP assistance decreased. In both programs the increased benefits to the clients due to the enhancements were lower than anticipated.

Salaries and Labour

Salaries and Labour was \$3.6 million lower compared to the 2018/19 budget and increased by \$5.9 million compared to the previous year. Additional staffing was budgeted to deliver projects under the new *Building BC* programs. BC Housing has encountered delays in hiring all the staff required causing the budget variance. The additional staff that were hired, along with negotiated salary increases for unionized employees under collective agreements contributed to the year over year increase.

Operating Expenses

Operating Expenses increased by \$3.2 million compared to the previous year. The main reason for this variance is due to costs associated with homelessness including lease payments for shelter locations, funding for encampment sites, as well as costs to relocate campers from the encampment sites to stable housing. Other small increases include: travel, consulting and audit, and legal costs.

Building Maintenance

Building Maintenance was \$5.3 million higher compared to the 2018/19 budget and increased by \$2.1 million compared to the previous year. The main reason for these variances is due to transfer of funding from Grants for non-routine or life cycle maintenance on the buildings. Increasing costs to maintain BC Housing's aging housing stock and changes to the funding source used to operate the sponsoring ministry group home portfolio also contributes to the variances.

Research and Education

Research and Education was \$0.9 million higher compared to the 2018/19 budget and increased by \$1.2 million compared to the previous year. Additional revenues received by the Licensing and Consumer Services Branch of BC Housing provided additional funding for industry research and studies.

Risks and Uncertainties

Risks and uncertainties to operating costs include rate increases in electricity, natural gas, water and sewer, and property taxes. Various measures, such as building energy retrofits and the bulk purchase of natural gas have been implemented to offset this impact. Mortgage renewals with longer terms are in place to offset the risk of raising interest rates. Growing trade shortages and rising constructions costs are risks to new project development.

Financial Statements: BC 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 17, 2019. 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.



Shayne Ramsay
Chief Executive Officer



Dan Maxwell
Vice President of Corporate Services
And Chief Financial Officer

May 17, 2019



Independent auditor's report

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

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, 2019 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, 2019;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of remeasurement gains and losses for the year then ended;
- the statement of changes in net financial assets / (debt) for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



- 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 17, 2019

British Columbia Housing Management Commission

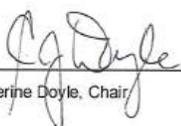
Statement of Financial Position

	March 31 2019 (\$000's)	March 31 2018 (\$000's)
Financial Assets		
Cash	\$ 378,812	\$ 561,647
Portfolio investments (Note 3)	94,626	91,023
Receivables (Note 4)	15,859	12,582
Due from Province of British Columbia (Note 16)	11,042	900
Due from Canada Mortgage and Housing Corporation	6,381	49,985
Construction loans to housing projects (Note 4)	319,687	241,523
Mortgages receivable (Note 5)	39,062	58,399
	<u>865,469</u>	<u>1,016,059</u>
Liabilities		
Accounts payable and accrued liabilities	84,953	42,809
Deferred revenue (Note 6)	159,579	226,967
Due to Provincial Rental Housing Corporation (Note 16)	113,855	200,431
Tenants' prepaid rent	1,104	1,397
Due to Provincial Treasury (Note 7)	5,000	25,028
Society funds held on deposit (Note 8)	18,084	24,350
Construction grants payable (Note 9)	336,793	346,184
Social Housing Agreement Reserves (Note 10)	3,709	3,530
	<u>723,077</u>	<u>870,696</u>
Net financial assets / (debt)	<u>142,392</u>	<u>145,363</u>
Non-financial assets		
Prepaid expenses and housing subsidies	38,534	38,420
Tangible capital assets (Note 11)	14,509	12,822
	<u>53,043</u>	<u>51,242</u>
Accumulated surplus / (deficit)	<u>195,435</u>	<u>196,605</u>
Accumulated surplus / (deficit) comprises:		
Accumulated surplus from operations	201,263	201,235
Accumulated remeasurement loss	(5,828)	(4,630)
	<u>\$ 195,435</u>	<u>\$ 196,605</u>

Commitments (Note 15)

Contingencies (Note 18)

On behalf of the Board of Commissioners:


Catherine Doyle, Chair

See accompanying notes to the financial statements

Statement of Operations

Year Ended March 31	2019 Budget (Note 12) (\$000's)	2019 Actuals (\$000's)	2018 Actuals (\$000's)
Revenue			
Provincial contributions	\$ 1,091,596	\$ 1,089,248	\$ 513,223
Federal contributions	140,446	92,164	208,583
Tenant rent	31,403	32,298	31,404
Other	12,692	27,333	24,662
Portfolio investment income	4,000	5,939	4,220
	<u>1,280,137</u>	<u>1,246,982</u>	<u>782,092</u>
Expenses			
Grants	519,101	523,178	117,654
Housing subsidies	475,552	454,879	417,998
Rental assistance	147,266	126,434	118,060
Salaries and labour	67,683	64,064	58,120
Operating expenses	25,374	26,091	22,917
Building maintenance	15,230	20,508	18,414
Office and overhead	12,031	12,459	12,360
Utilities	8,910	8,993	8,288
Grants in lieu of property taxes (Note 13)	7,109	7,976	7,162
Research and education	1,256	2,275	1,057
Interest expense	625	97	27
	<u>1,280,137</u>	<u>1,246,954</u>	<u>782,057</u>
Annual surplus from operations		<u>28</u>	<u>35</u>
Accumulated surplus from operations at beginning of year		<u>201,235</u>	201,200
Accumulated surplus from operations at end of year		<u>\$ 201,263</u>	<u>\$ 201,235</u>

See accompanying notes to the financial statements

Statement of Cash Flows

Year Ended March 31	2019 (\$000's)	2018 (\$000's)
Cash flows provided by (used in)		
Operating transactions		
Annual surplus from operations	\$ 28	\$ 35
Adjustments to determine cash flows:		
Changes in non-cash working capital (Note 14)	(82,042)	87,203
Investment income	(5,939)	(4,220)
Discount on loan receivable	(245)	3,615
Amortization	4,822	3,820
	<u>(83,376)</u>	<u>90,453</u>
Capital transactions		
Tangible capital asset additions and disposal	<u>(6,509)</u>	<u>(4,724)</u>
Investing transactions		
Construction loans provided to housing projects	(78,164)	36,354
Cash redemption from short-term investment	27,829	10,658
Cash used for short-term investment	(26,500)	(111)
New mortgage provided	(10,393)	(55,540)
Mortgage payment received	29,975	408
	<u>(57,253)</u>	<u>(8,231)</u>
Financing transactions		
New grants approved for construction	491,337	103,712
Grants used for construction	(500,728)	(194,058)
Funding received from Provincial Treasury	73,097	80,016
Repayment to Provincial Treasury	(93,125)	(59,988)
Social Housing Agreement Reserves	(12)	(12)
Additions to society funds	2,249	8,836
Society funds used for project	(8,515)	(4,401)
	<u>(35,697)</u>	<u>(65,895)</u>
Increase / (Decrease) in cash	(182,835)	11,603
Cash, beginning of year	<u>561,647</u>	<u>550,044</u>
Cash, end of year	<u>\$ 378,812</u>	<u>\$ 561,647</u>

See accompanying notes to the financial statements

Statement of Remeasurement Gains and Losses

Year Ended March 31	2019 (\$000's)	2018 (\$000's)
Accumulated remeasurement gains, beginning of year	\$ (4,630)	\$ (3,125)
Amount released to statement of operations	60	1,010
Unrealized gain / (loss) attributable to portfolio investments	(1,258)	(2,515)
Net remeasurement changes for the year	(1,198)	(1,505)
Accumulated remeasurement loss, end of year	\$ (5,828)	\$ (4,630)

Statement of Changes in Net Financial Assets / (Debt)

Year Ended March 31	Budget (\$000's) (Note 12)	2019 (\$000's)	2018 (\$000's)
Annual surplus from operations		\$ 28	\$ 35
Net remeasurement changes for the year		(1,198)	(1,505)
		(1,170)	(1,470)
Depreciation of tangible capital assets		4,822	3,820
Disposal of tangible capital assets		8	7
Acquisition of tangible capital assets	(5,000)	(6,517)	(4,731)
		(1,687)	(904)
Acquisition of prepaid expenses and housing subsidies		(409,033)	(391,985)
Use of prepaid expenses and housing subsidies		408,919	386,301
		(114)	(5,684)
Changes in net financial assets / (debt) for the year		(2,971)	(8,058)
Net financial assets / (debt), beginning of year		145,363	153,421
Net financial assets / (debt), end of year		\$ 142,392	\$ 145,363

See accompanying notes to the financial statements

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) holds property for social housing for the Province. The subsidized rental housing units of the Corporation are managed and operated by the Commission. 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 licencing 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 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. Estimating the useful life of tangible capital assets and the collectability of receivables, construction loans to housing projects and mortgages receivable requires the greatest degree of estimation. 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).

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.

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. 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 61,907 active plan members and approximately 47,892 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, 2017, indicated an actuarial surplus of \$1.9 billion for basic pension benefits. The next valuation will be as at March 31, 2020 with results available in early 2021. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid \$ 5,027,111 for employer contributions to the Plan in fiscal 2018/19 (2017/18: \$4,485,809).

g) 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 receivable, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury, and Society funds held on deposit.

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 operating statement and unrealized gains/losses from changes in fair value are recorded in the statement of remeasurement gains and 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.

h) New accounting pronouncements

Effective April 1, 2018, the Commission adopted section 3430 – Restructuring Transactions issued by the Public Sector Accounting Board. The adoption of this standard did not have a material impact on the financial statements.

3. Portfolio Investments

BC Housing 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 four 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. The market yield during fiscal 2018/19 was 5.46 % (2017/18: 3.16%).

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. In fiscal 2018/19, the allowance totalled \$3,960,000 (2017/18: \$4,050,000). 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* approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. The average period of construction financing can range from eighteen months to over two years. Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs. The current average yield for the portfolio is 1.9465% (2017/18: 1.24%). The allowance for construction loans to housing projects for fiscal 2018/19 totalled \$8,812,000 (2017/18: \$8,713,000).

5. Mortgages 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, 2019, the total value of construction financing mortgages receivable was \$9,645,000 (2018: \$32,868,000). These mortgages are secured by property.

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 10th, 15th and 20th anniversary dates.

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, 2019, the total value of the loans receivable was \$29,342,000 (2018: \$25,487,000).

6. Deferred Revenue

These funds are restricted contributions received in advance of related expenditures that are incurred in the following fiscal year.

	2018 (\$000's)	Contributions Received (\$000's)	Revenue Recognized (\$000's)	2019 (\$000's)
Provincial Contributions	\$ 178,899	\$ 523,863	\$ (632,103)	\$ 70,659
Canada Mortgage and Housing Corporation	47,504	133,191	(91,935)	88,760
Other Agencies	564	529	(933)	160
	\$ 226,967	\$ 657,583	\$ (724,971)	\$ 159,579

The Social Housing Agreement Reserves (see Note 10) represent further restricted contributions from CMHC of a long-term nature.

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. The maximum amount is not to exceed \$165 million bearing interest at a variable rate charged by the provincial Ministry of Finance.

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 1.75%.

9. Construction Grants Payable

Grants for construction represent amounts which have been committed to individual projects in advance of construction. The remaining balance will be paid as construction progresses.

	2018	Construction grants recognized	Construction grants applied	2019
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Building BC:				
Rapid Response to Homelessness	-	205,860	(205,860)	-
Affordable Rental Housing	-	17,094	(17,094)	-
Deepening Affordability	-	75,000	(12,016)	62,984
Community Housing Fund	-	50,365	(8,861)	41,504
Indigenous Housing Fund	-	14,700	(793)	13,907
Supportive Housing Fund	-	41,390	(41,390)	-
Women's Transition Housing Fund	-	10,734	(10,734)	-
Capital Renewal Funding (Non-profit & PRHC)	-	94,428	(56,121)	38,307
Investment in Housing Innovation	248,290	(19,861)	(72,923)	155,506
Investment in Affordable Housing Agreement	1,307	-	(178)	1,129
Mental Health Housing Initiative	10,566	-	(4,778)	5,788
Other Project Grants	11,861	1,146	(4,505)	8,502
Social Housing Agreement	117	-	(90)	27
Social Infrastructure Fund	74,043	482	(65,386)	9,139
	\$ 346,184	\$ 491,338	\$ (500,729)	\$ 336,793

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.

	2019	2018
	(\$000's)	(\$000's)
Balance, beginning of year	\$ 3,530	\$ 3,449
Funds applied	(12)	(12)
Investment income	191	93
Balance, end of year	\$ 3,709	\$ 3,530

11. Tangible Capital Assets

	2018			2019	
	(\$000's)			(\$000's)	
	Cost	Additions	Disposals	Cost	
Computer software	\$ 43,411	3,870	-	\$ 47,281	
Computer hardware	2,745	-	-	2,745	
Tenant improvements	11,319	1,332	-	12,651	
Office furniture	3,175	1,244	-	4,419	
Office equipment	153	41	-	194	
Vehicles	1,596	30	61	1,565	
Grounds equipment	543	-	5	538	
	\$ 62,942	6,517	66	\$ 69,393	

	Accumulated			Accumulated	
	Depreciation			Depreciation	
	Depreciation	Disposals	Depreciation	Disposals	Depreciation
Computer software	\$ 32,776	3,698	\$ 36,474		
Computer hardware	2,681	65	2,746		
Tenant improvements	10,022	618	10,640		
Office furniture	2,750	263	3,013		
Office equipment	153	8	161		
Vehicles	1,243	155	1,343	55	
Grounds equipment	495	15	507	3	
	\$ 50,120	4,822	\$ 54,884	58	
Net Book Value	\$ 12,822		\$ 14,509		

12. Budget Figures

Budgeted figures are provided for comparative purposes and are consistent with the budget presented in the 2018/19-2021/22 Service Plan Update that was released in February 2018.

13. 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.

14. Changes in Non-cash Working Capital

	2019 (\$000's)	2018 (\$000's)
Accounts payable and accrued liabilities	\$ 42,144	\$ 5,602
Deferred revenue	(67,388)	112,800
Due from Canada Mortgage and Housing Corporation	43,604	10,268
Due from Province of British Columbia	(10,142)	(900)
Due to Provincial Rental Housing Corporation	(86,576)	(35,966)
Prepaid expenses and housing subsidies	(114)	(5,684)
Receivables	(3,277)	579
Tenants' prepaid rent	(293)	504
	\$ (82,042)	\$ 87,203

15. 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)
2020	\$ 5,536
2021	5,266
2022	5,409
2023	5,530
2024	5,539
2025 and Beyond	-
Total	\$ 27,280

b) Contractual Obligations

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 current annual subsidy is \$431,629,000 with a forecasted amount over the next five years and beyond as follows:

	(\$000's)
2020	\$ 459,473
2021	248,555
2022	230,256
2023	210,812
2024	192,541
2025 and Beyond	4,328,760
Total	\$ 5,670,397

c) 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	Facility Maintenance and Lifecycle	Total Payments
		(\$000's)	(\$000's)	(\$000's)
2020	\$	9,461	\$ 2,445	\$ 11,906
2021		9,461	2,735	12,196
2022		9,461	2,228	11,689
2023		9,461	2,165	11,626
2024		9,461	3,292	12,753
Thereafter		64,644	13,783	78,427
Total	\$	111,949	\$ 26,648	\$ 138,597

d) Loan Insurance Agreement

CMHC provides loan insurance under the *National Housing Act*, to assist the Commission in securing mortgages for the Corporation and 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 this agreement in January 1993, there has never been a claim made under this agreement. The Commission underwrites these mortgages in accordance with CMHC guidelines for multi-unit properties, places charges on title to ensure access to property and requires housing providers to have an operating agreement with the Commission ensuring ongoing access to financial information.

The maximum value of mortgages that can be insured under this agreement is \$3.5 billion. As of March 31, 2019, the total value of outstanding CMHC insured mortgages was \$2,280,476,071 (2018: \$2,241,937,129). There is no claim expected on this portfolio and the Commission has not recorded a provision for loss.

16. 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.

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 \$371,136,000 (2018: \$71,979,000) to the Corporation for capital grants, self-insurance of \$20 million, mortgage subsidies, etc. As at March 31, 2019, amounts due to the Corporation totalled \$113,855,000 (2018: \$200,431,000) and represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment.

17. 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:

Contractual right with:	Description	2020 (\$000's)	2021 (\$000's)	2022 (\$000's)	2023 (\$000's)	2024 (\$000's)	Thereafter (\$000's)
CMHC	Annual funding under the Social Housing Agreement (SHA)	97,442	92,150	85,710	80,179	71,976	202,798
CMHC	Annual funding under Bilateral Agreement	37,237	45,545	51,256	64,017	76,451	479,873
Non-profit housing providers	Land/and or building lease payments on properties owned by the Corporation	1,121	1,121	1,121	1,121	1,121	23,098
Total		\$ 135,800	\$ 138,816	\$ 138,087	\$ 145,317	\$ 149,548	\$ 705,769

18. Contingencies

a) Letters of Credit

As at March 31, 2019, the Commission was contingently liable with respect to letters of credit totalling \$6,795,548 (2018: \$3,748,206) 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, 2019, 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.

19. 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, 2019:

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 short-term investments, receivables, mortgages receivable and construction loans.

The Commission is not exposed to significant credit risk as the majority of receivables are due from CMHC and the Province. 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). In addition, credit risk is low with respect to mortgages receivable from non-profit housing providers and BC HOME Partnership loans as these receivables are also secured by property (see Note 5).

b) Interest Rate Risk

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, but these loans are short term. Investments bear some interest rate risk, but these risks are mitigated through the diversification of the portfolio.

c) Market Risk

Market 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 to secure the preservation of capital and the availability of liquid funds. The Commission has also retained two qualified investment firms to invest surplus funds in accordance with its investment policy.

d) 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. If the current funding and cash on hand was insufficient to satisfy its current obligations, the Commission has the option to sell its portfolio investments.

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

2019

Financial assets	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Construction loans to housing projects	293,564	26,123	-	319,687
Mortgages receivable	5,660	5,224	28,178	39,062
Total	\$ 299,224	\$ 31,347	\$ 28,178	\$ 358,749

Financial liabilities	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Society funds held on deposit	\$ 615	\$ 6,898	\$ 10,571	\$ 18,084

2018

Financial assets	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Construction loans to housing projects	154,868	86,655	-	241,523
Mortgages receivable	31,036	1,906	25,457	58,399
Total	\$ 185,904	\$ 88,561	\$ 25,457	\$ 299,922

Financial liabilities	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Society funds held on deposit	\$ 1,105	\$ 4,601	\$ 18,644	\$ 24,350

e) Foreign Exchange Risk or Other Price Risk

The Commission is not exposed to foreign exchange risk or other price risk.

20. Classification Changes

To provide better information to users, grants have been separated from Housing subsidies creating two accounts: Housing Subsidies and Grants. To better reflect the nature of transactions, building mortgage cost and Building modernization and improvement costs have been included in Housing subsidies, and self-insurance contributions have been moved from Operating expenses and are now included in Grants. The prior year numbers have been adjusted accordingly.

Financial Statements: Provincial Rental Housing Corporation

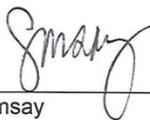
Statement of Management Responsibility

The financial statements of the Provincial Rental Housing Corporation (the Corporation) are the responsibility of management and have been prepared in accordance with section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, 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 17, 2019. The financial statements have also been reviewed and approved by the Board of Directors.

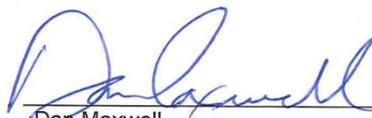
Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel 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 Board of Directors.

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 Corporation's financial position, results of operations, changes in net assets 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 Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Board of Directors reviews internal financial statements quarterly and external audited financial statements annually. The external auditor has full and open access to the financial management of the Corporation and meets with them when required.



Shayne Ramsay
President



Dan Maxwell
Director

May 17, 2019



Independent auditor's report

To the Board of Directors and the Shareholder of Provincial Rental Housing Corporation

Our opinion

In our opinion, the accompanying financial statements of Provincial Rental Housing Corporation (the Corporation) as at March 31, 2019 and for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

What we have audited

The Corporation's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 Corporation 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.

Emphasis of matter - basis of accounting

We draw attention to note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 14 to the financial statements discloses the impact of these differences. Our opinion is not modified in respect of this matter.

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

*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



- 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 Corporation'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 Corporation to cease to continue as a going concern.

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

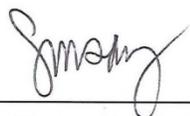
Vancouver, British Columbia
May 17, 2019

Statement of Financial Position

	March 31 2019 (\$000's)	March 31 2018 (\$000's)
Financial assets		
Cash	\$ 1	\$ 1
Debenture subsidy receivable	839	839
Due from BC Housing Management Commission (Note 7)	113,855	200,431
Long-term receivables (Note 4)	243,573	293,207
Loans receivable (Note 3)	18	182
	<u>358,286</u>	<u>494,660</u>
Liabilities		
Interest payable	302	335
Deferred capital contributions (Note 5)	850,430	594,298
Unearned lease revenue	30,126	31,016
Site contamination (Note 6)	6,861	6,913
Long-term debt (Note 8)	219,748	233,744
	<u>1,107,467</u>	<u>866,306</u>
Net debt	<u>(749,181)</u>	<u>(371,646)</u>
Non-financial assets (Note 9)		
Housing and projects under construction	1,748,472	1,360,695
Riverview Lands redevelopment	37,817	16,052
	<u>1,786,289</u>	<u>1,376,747</u>
Accumulated surplus	<u>\$ 1,037,108</u>	<u>\$ 1,005,101</u>

Commitments (Note 11)

On behalf of the Board of Directors:



Shayne Ramsay, President



Dan Maxwell, Director

See accompanying notes to the financial statements

Statement of Operations

Year Ended March 31	2019 (\$000's)	2018 (\$000's)
Revenue		
Provincial subsidy	\$ 47,510	\$ 31,201
Contribution revenue	67,624	43,398
Gain (Loss) on sale of property	(12,531)	31,136
Lease revenue	966	6,690
Interest income	7,502	3,809
	111,071	116,234
Expenses		
Depreciation	66,131	50,316
Interest on long-term debt	11,343	11,896
Social housing grant and subsidy	165	2,824
Group home and self insurance claims	1,425	3,140
	79,064	68,176
Annual surplus from operations	32,007	48,058
Accumulated surplus from operations at beginning of year	1,005,101	957,043
Accumulated surplus from operations at end of year	\$ 1,037,108	\$ 1,005,101

See accompanying notes to the financial statements

Statement of Changes in Net Debt

Year Ended March 31	2019 (\$000's)	2018 (\$000's)
Annual surplus	\$ 32,007	\$ 48,058
Additions of tangible capital assets	(455,337)	(160,919)
Depreciation of tangible capital assets	66,131	50,316
Disposal of tangible capital assets	<u>1,429</u>	<u>28,005</u>
	<u>(387,777)</u>	<u>(82,598)</u>
Riverview Lands redevelopment	<u>(21,765)</u>	<u>(3,459)</u>
Changes in net debt for the year	(377,535)	(37,999)
Net debt, beginning of year	<u>(371,646)</u>	<u>(333,647)</u>
Net debt, end of year	<u>\$ (749,181)</u>	<u>\$ (371,646)</u>

See accompanying notes to the financial statements

Statement of Cash Flows

Year Ended March 31	2019 (\$000's)	2018 (\$000's)
Cash flows provided by (used in)		
Operating transactions		
Annual surplus from operations	\$ 32,007	\$ 48,058
Adjustments to determine cash flows:		
Depreciation	66,131	50,316
Amortization of deferred contributions	(47,709)	(34,123)
(Gain) Loss on sale of property	12,531	(31,136)
Little Mountain Interest adjustment	(7,502)	(3,809)
Amortization of unearned lease revenue	(890)	(6,615)
Changes in non-cash working capital (Note 10)	86,707	36,385
	<u>141,275</u>	<u>59,076</u>
Capital transactions		
Property additions	(411,718)	(160,919)
Proceeds on sale of property	2,415	62,950
Riverview Lands redevelopment	(21,765)	(3,459)
	<u>(431,068)</u>	<u>(101,428)</u>
Financing transactions		
Deferred contributions	303,841	49,725
New long-term debt financing	4,178	9,190
Site contamination	(52)	(154)
Long-term debt repayment	(18,174)	(16,409)
	<u>289,793</u>	<u>42,352</u>
Increase in cash	-	-
Cash, beginning of year	<u>1</u>	<u>1</u>
Cash, end of year	<u>\$ 1</u>	<u>\$ 1</u>
Supplemental Cash flow information		
Non-cash receipt of housing units (Note 4)	\$ 43,620	\$ -
Little Mountain long-term receivable adjustment (Note 4)	\$ 6,015	\$ -

See accompanying notes to the financial statements

1. General

The Provincial Rental Housing Corporation (the Corporation) was incorporated under the *Company Act* of the Province of British Columbia in 1961. The Corporation is wholly owned by the Province, and is an agent of the Crown. The Corporation is exempt from federal and provincial income taxes.

The Corporation holds property for social and other low cost housing 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 British Columbia Housing Management Commission (the Commission), which is a Crown corporation that records the related rental revenue and is responsible for all the operating and administrative activities and related costs. Separate financial statements are prepared for the Commission.

2. Significant Accounting Policies

a) Basis of Presentation

These financial statements have been prepared in accordance with section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. This section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Note 14. The Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada is responsible for establishing Canadian public sector accounting standards.

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. The service life of buildings requires the greatest degree of estimation. Site remediation liability is based on a third-party valuation. Actual results could differ from those estimates.

c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

d) Deferred Contributions

Canadian public sector accounting standards require that government transfers be recognized when approved and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized over the period that the liability is extinguished (see Note 14).

However, consistent with the Province of British Columbia, Ministry of Finance regulation 198/2011, funding received from the Province for the acquisition or construction of depreciable capital assets is recorded as a liability (deferred capital contribution) and is recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services.

e) Tangible Capital Assets

i. The Corporation capitalizes its tangible capital assets at cost and depreciates its buildings using the straight-line method as follows:

- Newly constructed buildings are depreciated over a 40-year amortization period;
- Purchases of older buildings are depreciated over the remaining estimated useful life of the building; and,
- Betterments to buildings are depreciated over the extended remaining life of the building.

Construction in progress is not subject to depreciation until the project is complete and transferred to buildings.

ii. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. The write-down of tangible capital assets is accounted for in the statement of operations. Write-downs are not subsequently reversed.

f) Capitalization of Public-Private Partnership Projects

Public-private partnership (P3) projects are delivered by private sector partners selected to design, build, finance, and maintain the assets. The costs of the assets are estimated at fair value, based on construction progress verified by an independent certifier, and also include other costs incurred directly by the Corporation. The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received during the construction term. The interest rate used is the project internal rate of return. Upon completion, the project assets are amortized over their estimated useful lives. Correspondingly, an obligation net of the contributions received is recorded as a liability and included in long-term debt. Upon substantial completion, the private sector partner receives monthly payments to cover the partner's operating costs, financing costs and a return of their capital.

g) Riverview Lands Redevelopment

All costs associated with the redevelopment are capitalized, including carrying costs, construction, net operating income or losses, financing and demolition. Costs will be capitalized until the completion of the redevelopment. The net amount recoverable from the redevelopment is considered sufficient to recover the capitalized costs.

h) Property Leases

The Corporation leases property used for housing projects to housing providers. These 60-year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

i) Financial Instruments

The Corporation's financial instruments consist of cash, debenture subsidy receivable, due from BC Housing Management Commission, long-term receivables, loans receivable, interest payable, and long-term debt. All financial instruments are recorded at cost or amortized cost using the effective interest rate method where appropriate.

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.

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.

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

j) New accounting pronouncements

Effective April 1, 2018, the Corporation adopted section 3430 – Restructuring Transactions issued by the Public Sector Accounting Board. The adoption of this standard did not have a material impact on the financial statements.

3. Loans Receivable

The Corporation has transferred a number of Rural and Native Housing projects to various Aboriginal housing providers. These properties were originally transferred to the Corporation as part of the devolution of federal housing in 2006 with the intention that they would eventually be transferred to Aboriginal management and ownership. Repayable loans are associated with each property, with a total value of \$17,758 (2018: \$182,245). Each loan has different repayment dates with interest rates ranging from 3% to 6%. The final loan is to be repaid in fiscal 2019/2020.

4. Long-term Receivables

Long-term receivables comprise receivables from the sale of two properties as follows:

	Little Mountain (\$000's)	Cedar Place (\$000's)	Total (\$000's)
March 31, 2018 Balance	\$ 239,389	\$ 53,818	\$ 293,207
Principal adjustment	(13,517)	-	(13,517)
Interest adjustment	7,502	-	7,502
Receipt of housing units	-	(43,619)	(43,619)
March 31, 2019 Balance	\$ 233,374	\$ 10,199	\$ 243,573

a) Little Mountain

The Corporation completed the sale of Little Mountain property on July 2, 2013, for proceeds of \$333.96 million. The purchaser is required to provide the Corporation with 234 non-market housing units and to pay the balance of the purchase price based on the proportion of the site developed in phases over time. The current receivable is adjusted based on the updated cash flow forecast and it is equal to the net present value of the remaining expected future payments and the fair value of the 181 social housing units not constructed, discounted at 3.08 per cent (2018: 2.5 per cent).

b) Cedar Place

The sale of the Cedar Place property was completed on March 22, 2017 for proceeds of \$53.82 million. The purchaser is required to provide the Corporation with a total of 181 non-market housing units. This includes land and building for 90 family units and 91 units of senior housing constructed on land owned by the Corporation. The Corporation received 90 family units as at March 31, 2019 with the fair value of \$43.62 million.

5. Deferred Capital Contributions

	2019 (\$000's)	2018 (\$000's)
Balance, beginning of year	594,298	578,696
Receipts	303,841	49,725
Amortization	(47,709)	(34,123)
Balance, end of year	850,430	594,298

Deferred capital contributions are capital grants from the Commission. The grants are for the purchase and/or development of new social housing projects or the major rehabilitation of buildings owned by the Corporation (see Note 2).

6. Site Contamination

The Ministry of Citizens' Services (formerly the Ministry of Technology, Innovation and Citizens' Services) and the Ministry of Health transferred \$7.4 million to the Corporation for remediation of contaminated sites at the Riverview Lands project site. As of March 31, 2019, the total liability is \$6.86 million (2018 -\$6.91 million). While this amount exceeds the current best estimate of the present value of remediation costs required of \$5.5 million, any portion of the amount transferred that proves to exceed the actual amount required will be repayable by the Corporation to the Ministry of Citizens' Services. The Corporation will review the contamination and cost of remediation over the life of the projects and will adjust the liability as information becomes available.

7. Related Party Transactions

a) BC Government Reporting Entities

The Corporation 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.

b) British Columbia Management Housing Commission (the Commission)

The Commission was 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 Commission is a Crown corporation and has a separate governance structure. The rental housing units of the Corporation are managed by the Commission who records the related rental revenue and is responsible for all the operating and administrative activities of the units. 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 Commission.

During the year, the Corporation provided \$1,611,000 (2018: \$7,866,000) to the Commission for services performed by the Commission on behalf of the Corporation and the Commission provided \$371,136,000 (2018: \$71,979,000) to the Corporation for capital grants, self-insurance, debenture and mortgage subsidies, etc. As at March 31, 2019, amounts due from the Commission totalled \$113,855,000 (2018: \$200,431,000) and represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment.

The following types of transactions occur by the Commission on behalf of the Corporation:

i. Directly Managed Debenture Subsidy

The Commission provides to the Corporation a debenture subsidy for the principal and interest costs of the long-term debt related to properties that are directly managed by the Commission.

ii. Group Home Mortgage Subsidy

The Commission provides to the Corporation a group home mortgage subsidy for the mortgage payments made to chartered banks and Canada Mortgage Housing Corporation (CMHC).

iii. Administration and Financing

The Commission collects rental revenue and manages the administration, financing, operations and capital projects of the Corporation. The Commission charges a 5% administration fee on the acquisition or disposition of property for services performed.

8. Long-Term Debt

	2019 (\$000's)	2018 (\$000's)
Canada Mortgage and Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2027, with a weighted average rate of 7.82% (2018: 7.76%) and secured by unregistered first mortgages on properties of the Corporation.	\$ 37,440	\$ 42,781
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, with a weighted average rate of 2.67% (2018: 2.51%), secured by registered first mortgages on properties of the Corporation.	106,769	109,618
Public-Private Partnership Obligations SRO Renewal Initiative, 18-year contract until January 2031 with Habitat Housing Initiative, monthly payments including interest at 6.73% per annum, payable in accordance with the project agreement terms commencing July 2014 to a maximum of \$788,377.	75,539	83,477
	\$ 219,748	\$ 235,876

The aggregate principal repayments required in each of the next five fiscal years are estimated to be as follows:

	(\$000's)
2019	\$ 37,003
2020	31,063
2021	23,451
2022	24,000
2023	20,094
Thereafter	84,137
	\$ 219,748

9. Non-Financial Assets

a) Housing and Property Under Construction

Cost	2018 (\$000's)			2019 (\$000's)
	Beginning	Additions	Disposals	Ending
Land	\$ 437,768	\$ 57,123	\$ (1,168)	\$ 493,723
Buildings	1,237,278	365,111	(420)	1,601,969
Construction in progress	86,223	33,103		119,326
	\$ 1,761,269	\$ 455,337	\$ (1,588)	\$ 2,215,018

Depreciation	Beginning Accumulated	Annual Expense	Disposals Adjustments	Ending Accumulated
Buildings	\$ 400,574	\$ 66,131	\$ (159)	\$ 466,546

Net Book Value	Beginning	Ending
Land	\$ 437,768	\$ 493,723
Buildings	836,704	1,135,423
Construction in progress	86,223	119,326
	\$ 1,360,695	\$ 1,748,472

b) Riverview Lands Redevelopment

On February 2, 2015, ownership of the Riverview Lands was transferred to the Corporation from the Ministry of Citizens' Services (formerly the Ministry of Technology, Innovation and Citizens' Services). The land is to be redeveloped over the next several years. All costs associated with the redevelopment will be capitalized, including financing, demolition, land planning and the net operating costs associated with the ongoing operations at the site. Costs related to the development are to be funded through the proceeds obtained from the redevelopment, including lease and film revenues. The land and buildings were transferred to the Corporation at book value.

	2018 (\$000's)			2019 (\$000's)
	Beginning	Expenses	Revenue	Ending
Construction	\$ 12,653	20,802	-	\$ 33,455
Net operating	3,399	5,928	(4,965)	4,362
	\$ 16,052	\$ 26,730	\$ (4,965)	\$ 37,817

As part of its ongoing consultations with the Kwikwetlem First Nation (KFN) respecting the future use and redevelopment of the Riverview Lands, the Commission entered into an Interim Accommodation Agreement with the KFN dated April 13, 2016, to facilitate the development of two new provincial health facilities that replace existing structures. The Corporation, the Commission and the KFN continue to work together to conclude a final impact benefits agreement in relation to the Riverview Lands.

10. Changes in Non-cash Working Capital

	2019 (\$000's)	2018 (\$000's)
Loans receivable	\$ 164	\$ 450
Interest payable	(33)	(31)
Due from BC Housing Management Commission	86,576	35,966
Total	\$86,707	\$ 36,385

11. Commitments

The Corporation has entered into a public-private partnership project 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 including the Commission's annual service payments to HHI for the capital cost and financing, the facility maintenance and lifecycle costs. Payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

As construction progressed, the asset values were recorded as tangible capital assets (see Note 9) and the obligation was recorded as a liability and included in long-term debt (see Note 8). Upon construction completion, the obligation is met through the capital component of the monthly service payments over the term of the Project Agreement that is paid directly by the Commission.

	Capital (\$000's)	Facility Maintenance and Lifecycle (\$000's)	Total Payments (\$000's)
2020	9,461	2,445	11,906
2021	9,461	2,735	12,196
2022	9,461	2,228	11,689
2023	9,461	2,165	11,626
2024	9,461	3,292	12,753
Thereafter	64,644	13,783	78,427
Total	\$ 111,949	\$ 26,648	\$ 138,597

12. Financial Instrument Risks

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks as at March 31, 2019:

a) Credit Risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of the funds due from BC Housing Management Commission (see Note 7), loans receivable (see Note 3) and long-term receivables (see Note 4).

The Corporation is not exposed to significant credit risk with respect to the amounts due from the Commission. To reduce the risk associated with loans receivable and long-term receivables, the Corporation periodically evaluates the collectability of its accounts receivable and adjusts it to reflect the true value of the receivable when necessary.

b) Interest Rate Risk

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. The Corporation is subject to interest rate risk when refinancing its long-term debt portfolio. The Corporation mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Corporation is also able to mitigate short- and long-term interest rate changes through the Commission's ability to borrow directly from the Provincial Treasury.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Commission administers the finances of the Corporation and maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

The majority of the Corporation's financial assets and liabilities are current, maturing within 0 to 1 year. The table below shows the various financial assets and liabilities that mature after 1 year.

2019				
Financial assets	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Long-term receivables	\$ 10,199	\$ 179,994	\$ 53,380	\$ 243,573
Loan receivables	18	-	-	18
Total	\$ 10,217	\$ 179,994	\$ 53,380	\$ 243,591
Financial liabilities	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Long-term debt	\$ 37,003	\$ 98,608	\$ 84,137	\$ 219,748

2018				
Financial assets	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Long-term receivables	\$ 74,073	\$ 185,510	\$ 33,624	\$ 293,207
Loan receivables	164	18	-	182
Total	\$ 74,237	\$ 185,528	\$ 33,624	\$ 293,389
Financial liabilities	Up to 1 year (\$000's)	1 to 5 years (\$000's)	Over 5 years (\$000's)	Total (\$000's)
Long-term debt	\$ 34,620	\$ 102,253	\$ 96,871	\$ 233,744

d) Foreign Exchange Risk or Other Price Risk

The Corporation is not exposed to foreign exchange risk or other price risk.

13. Budget

The Corporation does not establish an annual operating budget as the information does not assist the directors in monitoring or evaluating changes in revenues or expenditures. The Corporation operates as a land holding company and does not employ staff. The Corporation's revenues and expenditures are largely fixed in nature. The Commission actively administers the provincial social housing programs and records the revenues and expenditures incurred from the operation of the Corporation's buildings.

14. Impact of Accounting for Government Transfers in Accordance with the *Budget Transparency and Accounting Act*

As noted in the significant accounting policies (see Note 2), section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and its related regulations require the Corporation to account for government transfers for capital assets by deferring and recognizing them in revenue at the same rate that amortization of the related capital asset is recorded. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be reported in income immediately. If government transfers were accounted for under Canadian public sector accounting standards, the impact of this difference on the financial statements of the Corporation is as follows:

- a) For the year ended March 31, 2018, an increase to annual surplus of \$27,528,000; and,
- b) At March 31, 2018, an increase to accumulated surplus and a decrease to contributions of \$529,687,000.
- c) For the year ended March 31, 2019, an increase to annual surplus of \$278,908,000; and,
- d) At March 31, 2019, an increase to accumulated surplus and a decrease to contributions of \$808,595,000.

Appendix A – Additional Information

Corporate Governance

BC Housing is accountable to the Minister of Municipal Affairs and Housing through a Board of Commissioners appointed by the Lieutenant Governor in Council.

The Board of Commissioners oversees policy implementation and direction and, in cooperation with senior management, sets strategic direction. The Board also monitors BC Housing’s performance based on the Province’s planning and reporting principles.

The Board delegates responsibility for the day-to-day leadership and management of BC Housing to the CEO. The “Governance” page on BC Housing’s website describes its accountability to government as well as profiles of the Board, its members and committees:

www.bchousing.org/about/governance.

Organizational Overview

The British Columbia Housing Management Commission (BC Housing) was created in 1967 to deliver on the provincial government’s commitment to the development, management and administration of housing. Through the Licensing and Consumer Services Branch, BC Housing also has responsibilities related to licensing of residential construction and consumer protection.

Our role is to assist British Columbians in greatest need of affordable housing by providing options along the housing continuum. We work in partnership with the private and non-profit sectors, provincial health authorities and ministries, other levels of government and community groups to develop a range of housing options. Our partners have the expertise to identify the appropriate housing needs of their client groups and to deliver the support services needed for successful tenancies.

BC Housing has a Board of Commissioners that is responsible for corporate governance, and an organizational structure with six branches. BC Housing’s website provides more information about the organization: www.bchousing.org/.