

BC Housing

2021/22
Annual Service Plan Report

August 2022



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Published by BC Housing



Board Chair's Accountability Statement

The *BC Housing 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

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

Allan Seckel, QC

Board Chair

August 9, 2022

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Letter from the CEO

We are pleased to submit the BC Housing 2021/22 Annual Service Plan Report.

As we reflect on the past year, it is clear that BC Housing has continued to work harder than ever to respond to the growing need for safe, resilient and affordable housing across our communities and to respond to and prevent homelessness.

BC Housing made significant achievements in 2021/22 including the following:

- Continued to build affordable and supportive housing in communities across the province, as well as preserve existing social housing stock through repairs and upgrades.
- Extended temporary leases for those housed as part of the COVID-19 response and supported them to remain housed, while working on permanent housing solutions.
- Continued to support the housing sector in the response to the COVID-19 pandemic, including through providing personal protective equipment (PPE), cleaning and hygiene products and meals.
- Developed an Action Plan based on the findings of the [Moving Forward Together Report](#) as part of the development of the Reconciliation Strategy.
- Achieved a gold designation by the Canadian Council for Aboriginal Business under the Progressive Aboriginal Relations (PAR) certification program.
- Initiated an equity assessment to assist with the creation of an equity strategy to strengthen performances in the areas of Reconciliation, Equity, Diversity and Inclusion internally and with clients and partners.
- Initiated the development of an accessibility strategy and a tenant relocation strategy to support the needs of tenants in social housing.
- Responded to the needs of tenants and British Columbians during the extreme climate events from the widespread wildfires, extreme heat and flooding.
- Launched a sustainability and resiliency framework as part of the development of a sustainability and resiliency strategy.
- Maintained a high level of employee engagement and received recognition as one of 2021 B.C.'s Top Employers.

The results described in this report are from commitments in the 2021/22 – 2023/2024 and align with BC Housing's [Mandate Letter](#) from the Attorney General and Minister Responsible for Housing in April 2021.



Shayne Ramsay
CEO, BC Housing
August 9, 2022

Purpose of the Annual Service Plan Report

The Annual Service Plan Report 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 BC Housing Board is required to report on the actual results of the organization'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 about our corporate governance as well as our mandate, mission, vision, and values can be found on the [BC Housing website](#).

In 2021/22, BC Housing assisted over 117,000 households in more than 290 communities across the province 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, including creating 5,245 affordable and supportive housing units. Additionally, approximately 8,320 residential builders were licensed, 1,035 owner builders were authorized, and 38,025 new homes were enrolled in home warranty insurance through third-party home warranty insurance providers.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's 2021/22 [Mandate Letter](#) from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the 2021/22 BC Housing [Service Plan](#) and actual results reported on in this annual report.

Operating Environment

In 2021/22 BC Housing's operating environment and ability to achieve performance targets continued to be influenced by the public health and provincial states of emergency declared for the COVID-19 global pandemic as well as the provincial and local states of emergency declared in response to significant climate events including wildfires, extreme heat, and mass flooding.

These emergencies are concurrent with the opioid crisis, rising homelessness, increasing demand for affordable housing, and a tight labour market.

Our work to mitigate and respond to the emergencies included collaborating with the Ministry of Attorney General and Minister Responsible for Housing and other partner ministries on co-ordinated policy, operational and emergency responses across the province. BC Housing collaborated on community-based activities with people with lived expertise, regional health authorities, municipal partners, Indigenous communities, and non-profit housing and service providers. Together we began identifying temporary and permanent accommodations where vulnerable people can receive health and social supports.

Continued provincial investment in housing since Budget 2017 enabled BC Housing to surpass housing unit targets and increase the number of supportive housing units available to meet the needs of people experiencing homelessness. However, the pandemic environment further reduced affordable housing options in the private market. The very high demand and low supply for rental housing in the private market significantly reduced rental options for households that qualify for rent supplements, negatively impacting BC Housing's ability to support the targeted number of households with rental assistance. Additionally, the volume and age of building acquisitions completed by BC Housing to house people out of encampments and other unhoused situations negatively impacted our ability to meet the greenhouse gas emission targets.

Specific events that affected BC Housing's performance and risk mitigation strategies in 2021/22 include:

Transitioning to a hybrid work environment

BC Housing's staff and partners have adapted to a hybrid work environment that combines use of technology for remote work and in-person work keeping with provincial health guidelines and best practices to protect against the spread of COVID-19. The adoption of remote work technology has created opportunities for more inclusive and accessible ways to collaborate. BC Housing continued holding regular staff update meetings with the CEO and leadership to support employee engagement, frequent webinars with sector partners and health experts to share updates, responding to questions about COVID-19 and its impact on operating housing and shelters.

The move to online business invites risk for our non-profit partners with respect to cybersecurity and lack of access to appropriate technology. BC Housing's Housing Provider Technology Support Program supports the sector with prevention and mitigation of these risks.

Mitigating COVID-19 spread in community housing and shelters

To mitigate the spread of COVID-19 and support tenants to stay home, BC Housing acquired and coordinated personal protective equipment (PPE), cleaning and hygiene products and meals for the sector when they were not able to access these resources themselves. In fiscal year 2021/22, approximately 3.3 million supplies have been distributed to both directly managed sites and non-profit housing providers, and over 990,000 meals were provided to non-profit and directly managed tenants facing food insecurity due to COVID-19.

In November 2021, we began planning for our own COVID-19 vaccination policy which took effect in January 2022. The policy applies to all staff and contractors. While an unprecedented mandate, this did not impact our ability to deliver our services and programs.

Increasing homelessness and addictions and overdose crisis

While the need for shelter and housing options with appropriate health and social supports continued to far exceed available supply, BC Housing worked with regional health authorities, municipal partners, and non-profit partners to help people who were living outside in city parks to move into indoor accommodations. Essential health interventions and supportive, inclusive, trauma-informed supports were a part of the move process. Together with our partners, we identified locations where marginalized individuals, including those experiencing or at risk of homelessness, were able to recover and self-isolate, and connect to permanent housing opportunities. BC Housing also continued to respond to the opioid and overdose crisis, providing overdose prevention services and connection to culturally safe health services for individuals staying in temporary spaces, training staff to respond to overdose emergencies, and continuing to learn from health authority partners.

Supply and trades shortages and rising construction costs

Trades shortages and rising construction costs persisted in 2021/22. These trends continued to place upward pressure on development and capital renewal budgets across the province. BC Housing used a range of strategies to address this trend, including establishing project contingencies based on third-party escalation forecasts, reviewing project costs against construction costs, reviewing details of benchmarking and analysis at critical milestones in the development process, and responding with procurement strategies to changes in project cost variables.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Improved housing outcomes for British Columbians

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

Key Highlights

- Continued to deliver *Building BC* housing programs through partnerships with non-profit, co-operative, community and Indigenous organizations.
- Delivered more affordable housing through *HousingHub* partnerships.
- Delivered integrated communications and engagement strategies for hundreds of housing projects, including supportive housing and shelter projects.
- Continued to respond to the COVID-19 pandemic, including extending short-term leases for individuals in temporary housing as part of the COVID-19 response.
- Provided input into the development of the homelessness strategy in partnership with the Ministry of Attorney General and Minister Responsible for Housing.
- Provided culturally-appropriate housing, including for Indigenous peoples experiencing homelessness.
- Continued to effectively manage and maintain BC Housing’s directly managed housing stock.
- Initiated the development of Indigenous Design Guidelines, of BC Housing’s accessibility strategy and of an equity assessment of BC Housing’s operations and service delivery.
- Developed a sustainability and resilience framework, which integrates the commitment to Equity, Diversity, Inclusion, and Belonging, and Reconciliation, and conducted research projects dedicated to sustainability and climate adaptation.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.1a Number of affordable and supportive housing homes completed, including affordable rental and social housing (including <i>HousingHub</i>) ¹	4,222	4,500	5,245	3,000	3,000
1.1b Number of households receiving rental assistance in the private market ^{2,3}	36,177	37,700	32,546	40,300	41,000

¹Data source: BC Housing’s Central Property System database.

²Data source: BC Housing’s Subsidy Management and Assisted Rental Tool (SMART) database. Programs reflected in measure 1.1b include the *Shelter Aid for Elderly Renters* program, the *Rental Assistance Program* and the *Canada-BC Housing Benefit*.

³Some rent supplements under the *Canada-BC Housing Benefit* program include those in non-profit housing.

Discussion of Results

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

The target for new affordable and supportive housing homes completed in 2021/22 was met. In 2021/22, 5,245 new homes were completed in 49 communities across the province, surpassing the overall combined target of 4,500 by 745 homes. Of these homes, 4,585 were completed through BC Housing's development programs including: 21 homes under *Rapid Response to Homelessness*, 300 homes under the *Indigenous Housing Fund*, 454 homes under the *Community Housing Fund*, 63 homes under the *Women's Transition Housing Fund*, 756 homes under *Provincial Rental Supply*, 787 homes under the *Supportive Housing Fund*, 448 homes under *Pandemic Recovery*, 1,240 homes under *Investment in Housing Innovation*, 241 homes under *CMHC Rapid Housing Initiative*, 109 homes under *Homelessness Action Plan*, 166 homes under *Affordable Rental Housing* and 660 homes under other programs that were established before the Budget 2017 Update.

Of these 5,245 new homes, 1,101 are two-bedroom units or larger, 506 homes are intended for Indigenous clients, 161 are for intergenerational families, and 393 units are wheelchair modified. Of the 5,245 homes, 1,776 of these are for households with very low income, 2,585 are for households with low- to moderate-income, and 884 are for middle income households.

The target for number of households receiving rental assistance in the private market (Performance Measure 1.1b) was not met. Different trends contributed to this outcome, including fewer households being able to qualify for the *Rental Assistance Program*, as well as fluctuations in the number of seniors applying for *Shelter Aid for Elderly Renters*. Increasing housing costs make it increasingly challenging for low- and moderate-income households to find adequate housing in the rental market. A review of the rental assistance programs is in progress to better understand program challenges and opportunities.

In 2021/22, 23,738 households were assisted through the *Shelter Aid for Elderly Renters* program, 6,110 households were assisted under the *Rental Assistance Program*, and 2,698 households received assistance under the *Canada- BC Housing Benefit*.

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

Key Highlights

- Worked with the Ministry of Attorney General and Minister Responsible for Housing, health, community partners on strategies to respond and prevent homelessness, including the Permanent Housing Plan and responding to homeless encampments across the province.

- Supported the Ministry of Attorney General and Minister Responsible for Housing, other ministries and partners, in the development of a complex care housing framework to provide enhanced care for people with complex needs where they live.
- Supported outreach and communication with people experiencing homelessness, including those living in encampments, to connect individuals with appropriate housing options.

Performance Measure	2020/21 Baseline	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.2 Percentage of homeless individuals accessing housing who remain housed six months after placement ¹	80%	83%	94%	85%	87%

¹Data source: BC Housing’s Housing Connections tracks individuals residing in supportive housing, including their length of stay.

Discussion of Results

This new measure was introduced to focus on housing stability as a key component to breaking the cycle of homelessness. Performance measure 1.2 focuses on the number of individuals experiencing homelessness who have remained housed six months from the date in which they moved into their home.

In 2021/22, the target was surpassed as 94 per cent of homeless individuals remained housed six months after placement. Targets for this performance measure are based on historical trends.

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

Key Highlights

- Provided continuing professional development to ensure that builders are qualified, and their skills upgraded.
- Achieved a high level of compliance with mandatory licensing and home warranty insurance requirements.
- Collaborated with other industry regulators to monitor the home warranty insurance system.
- Carried out technical research to mitigate construction risks and improve the quality of residential construction.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.3 Builders’ rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements, and the owner-builder exemption regarding home warranty insurance ¹	86%	80% or higher	89%	80% or higher	80% or higher

¹Data source: Annual Licensed Residential Builder Survey.

Discussion of Results

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.

In the 2021/22 Annual Licensed Residential Builder survey, 89 per cent of builders expressed that compliance efforts were “very effective” or “effective”. The result exceeds the target of 80 per cent by 9 per cent.

Goal 2: Strengthened BC Housing service programs and community housing sector capacity

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

Key Highlights

- Funded service providers that support Indigenous peoples, racialized and other equity-seeking communities experiencing or at risk of homelessness with food programs and cultural supports.
- Initiated the development of a BC Housing accessibility strategy and continued a review of rent supplement programs.
- Continued the development of tenant relocation toolkit and guidelines to support tenant relocations and launched a BC Housing tenant newsletter.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1 Percentage of clients reporting satisfaction with the quality and safety of their housing ¹	76%	75% or higher	76%	75% or higher	75% or higher

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

Discussion of Results

This measure was introduced to focus on the ways in which programs and services are delivered such that they drive positive outcomes for tenants living in directly managed housing.

Specifically, this is a measure to determine whether BC Housing directly managed tenants are satisfied with their housing and receiving the services and support they need. Feedback from tenants living in BC Housing’s directly managed homes is obtained through a survey that occurs every two years.

The target for 2021/22 was met. The last survey took place in 2020/21 with a result of 76 per cent. These results show that over three quarters of respondents are either “very satisfied” or “satisfied” with their overall housing situation. The result is in line with findings from previous years and demonstrates good performance.

Targets are based on previous performance and results from the tenant survey.

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

Key Highlights

- Contributed resources to education campaigns including the Housing Central Conference and a bi-weekly *Partner Bulletin* and supported Research Centre projects targeted at advancing sustainability and building performance.
- Provided resources to support extreme heat response and free access to a new online rapid damage assessment course for use following a flood, windstorm or earthquake.
- Designed a new BC Housing’s operational review process and IT system to support non-profit capacity and accountability, based on findings from the review of the operational review process.
- Contributed to educational sessions on Equity, Diversity, Inclusion and Belonging offered by the BC Non-Profit Housing Association (BCNPHA) to the non-profit sector members.
- Supported the sector with technology modernization through delivering training, donating equipment, and providing technology and cybersecurity consultations.

Discussion of Results

The objective focuses on collaboration and partnerships that increase sector capacity and accountability to drive positive outcomes for clients, tenants and partners. Specifically, there is

ongoing collaboration and dialogue with the sector to identify current challenges, opportunities, new practices and processes to better support housing provider capacity. BC Housing’s collaboration and partnerships are important to increase sector capacity and accountability to drive positive outcomes for clients, tenants and partners.

A new performance measure was created for this objective in the 2022/23 – 2024/25 Service Plan. This measure will focus on BC Housing’s work in building non-profit and co-op housing sector capacity as well as non-profit and co-op’s relationship with BC Housing.

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

Key Highlights

- Evolved BC Housing programs and incorporated emerging legislation and best practices to improve the quality, sustainability and resiliency, safety, and accessibility of existing social housing.
- Updated BC Housing’s Design Guidelines and Construction Standards to align with industry best practices that promote affordable, safe, inclusive, and quality housing for residents.
- Collaborated with the residential construction industry and homeowners’ associations to promote sustainable, equitable and resilient building practices, through research and education.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.3 Facility Condition Index ¹	17%	16 to 21%	19%	16 to 21%	16 to 21%

¹Data 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.

Discussion of Results

The Facility Condition Index (FCI) is an indication of the average condition of buildings – a lower percentage corresponds to a building in better condition. The FCI is calculated as 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, 2022, results indicated a portfolio FCI rating of 19 per cent, which is within the targeted range of 16 to 21 per cent. The result of 19 per cent for the social housing stock consists of:

- 22 per cent for the directly managed portfolio, and;

- 18 per cent for the non-profit portfolio.

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

Key factors that contributed to achieving our target include:

- Improvements in the quality of life and safety of the homes for tenants across the province;
- Capital spending for maintenance and rehabilitation of buildings;
- Significant efforts by BC Housing and BCNPHA to increase capacity for asset management and facility maintenance, including capital planning courses and resources for housing providers; and
- Improved accuracy of calculations made possible by updates to BC Housing’s data and systems collaboration with housing providers.

Goal 3: Strong Indigenous partnerships and relationships based on principles of Reconciliation

Objective 3.1: Advance BC Housing’s relationship with Indigenous peoples and communities in British Columbia through Reconciliation

Key Highlights

- Developed an Action Plan based on findings of the Moving Forward Together report as part of the development of the Reconciliation Strategy.
- Engaged with Indigenous Nations, communities and organizations to evolve BC Housing policies and practices based on principles of Reconciliation and decolonization.
- Initiated the development of Indigenous design guidelines to inform housing development.
- Advanced the Indigenous Procurement Policy and expanded training opportunities and recruitment efforts to enhance employment and business development for Indigenous peoples.
- Helped improve housing conditions on First Nation reserves through partnerships in asset management, capital planning, and homeowner education.
- Initiated mandatory education sessions for BC Housing staff to work effectively with Indigenous communities and to advance the Truth and Reconciliation Commission Calls to Action, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Declaration on the Rights of Indigenous Peoples Act (DRIPA) legislation.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
3.1 Progressive Aboriginal Relations (PAR) certification ¹	Gold	Gold (Recertification year)	Gold	Gold	Gold

¹Data source: The Canadian Council for Aboriginal Business.

Discussion of Results

Performance is measured through the [Progressive Aboriginal Relations Certification \(PAR\)](#), 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 (CCAB). The CCAB assesses our commitment to the Indigenous sector in four areas: leadership, employment, business development, and community relationships. Assessment results are certified at a bronze, silver or gold level, depending on performance. BC Housing is the only social housing provider in Canada to be certified under the PAR program.

In the recertification year 2021/22, BC Housing achieved Gold certification under the PAR program for the third time. This Gold certification result demonstrates an active and ongoing commitment to supporting the Indigenous housing sector and our Indigenous housing partners. The next certification process will occur again in 2024. Benchmarking is conducted on a national level against other Canadian companies participating in the PAR Certification program.

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

Goal 4: Improved BC Housing service delivery through alignment with principles of Equity, Diversity, Inclusion and Belonging (EDIB), Reconciliation, sustainability and resiliency as well as lessons learned from the COVID-19 pandemic

Objective 4.1: Achieve a high level of employee engagement

Key Highlights

- Led collaboration through the Office of Equity, Diversity, Inclusion and Belonging to enhance programs, policies and business practices to be in alignment with Reconciliation and equity strategies.
- Initiated an equity assessment of BC Housing's corporate processes, policies, and culture to assist with the creation of an equity strategy that will address long-standing inequities and allow BC Housing to measure the ways that systemic and structural barriers impact operations and service delivery.
- Provided staff education on the principles and application of EDIB, Reconciliation and sustainability principles and goals into regular operations.
- Enhanced data and technology capabilities to expand the scope of disaggregated data and better understand operational and service delivery impacts.
- Delivered a wide range of communications and engagement opportunities for employees through a comprehensive internal communications program.
- Implemented digitalization of multiple internal processes and client application forms, including to move forward as a hybrid workplace.
- Enhanced diverse work arrangements to support employee experience and well-being.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
4.1 Employee engagement index ¹	Top Quartile ²	Top Quartile	Top Quartile	Top Quartile	Top Quartile

¹Data source: BC Housing’s employee engagement survey.

² This is a new measure in the 2021/22 – 2023/24 Service Plan. However, BC Housing collects data on employee engagement on an annual basis. The result for this index in 2020/21 was in the top quartile.

Discussion of Results

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

The target for 2021/22 was met. In 2021/22, 88 per cent of staff participated in the employee engagement survey and 82 per cent expressed agreement with key indicators of employee engagement. The 2021/22 survey results place BC Housing in the top quartile of employers, meeting our performance target, demonstrating that BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement.

The top five responses to the survey show that over 90 per cent of employees feel that they understand the goals and objectives of BC Housing, have a good relationship with their manager/supervisor, and are clear about how their work contributes to achieving the goals and objectives of BC Housing. Eighty-eight per cent of employees also consider that BC Housing values diversity and inclusion in the workplaces and that their colleagues are trusting, collaborative and open.

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

Key Highlights

- Promoted energy efficient, low-carbon and resiliency-oriented approaches and sustainability in our affordable housing programs, including adoption of the higher steps of the BC Energy Step Code.
- Supported the improvement and preservation of existing social housing stock through energy retrofits and building envelope upgrades.
- Enhanced industry and sector capacity around low-carbon, adaptive and resilient design and renovation solutions, through research and education activities.
- Developed training opportunities for the building design and construction industry, including training curricula for licensed builders to build homes meeting BC Energy Step Code requirements.
- Established partnerships with industry and government to improve the quality and sustainability of residential construction.

- Launched a sustainability and resiliency framework, as part of the development of a sustainability and resiliency strategy.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
4.2 Percent reduction in greenhouse gas emissions from 2010 levels ¹	Reduction of 15%	Reduction of 25% to 30%	17%	Reduction of 30% to 35%	Reduction of 30% to 35%

¹Data source: Provided directly from utility companies and compiled by an external consultant. The targets for this measure are based on calendar year, in accordance with legislative requirements.

Discussion of Results

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

Targets are set against a reduction in GHG emissions from the 2010 level. The baseline, which was calculated across the housing portfolio in 2010, has been maintained to compare our reductions. Targets consider anticipated changes to the housing portfolio. Annual targets are comparisons to GHG emission levels from 2010 level (they are not cumulative) and take into account anticipated changes to the housing portfolio over the three-year Service Plan period.

In 2021, the target was not met. BC Housing’s greenhouse gas emissions related to energy use to provide heat, hot water and electricity for our buildings totaled 29,458 tonnes of CO2 equivalent. This represents a 17 per cent decrease in emissions compared to the 2010 baseline, and a nine per cent decrease in emissions compared to 2020.

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

There are a variety of factors that explain why the target for 2021 was not met, including tenants staying home during the pandemic, the purchase of existing properties as a response to COVID-19 that are not as energy efficient, and cooler weather.

Financial Report

For the auditor's report and audited financial statements, [see Appendix B](#). These can also be found on the BC Housing's website.

Discussion of Results

In 2021/22, BC Housing's revenues totaled \$1.96 billion, an increase of \$57.7 million over 2020/21. Out of these revenues, \$1.74 billion were received from the provincial government:

- \$921.1 million through the Ministry of Attorney General and Minister responsible for Housing;
- \$786.0 million through the Housing Priority Initiatives Special Account;
- \$12.9 million through the Housing Endowment Fund Special Account; and
- \$23.4 million through other partnering ministries/agencies.

The federal government, through Canada Mortgage and Housing Corporation, provided \$154.0 million under the *Social Housing Agreement* and the *Canada - BC Bilateral Agreement* under the *2017 National Housing Strategy*.

The remaining \$64.1 million of revenue mainly comprised of the rent/commercial revenue paid directly to BC Housing, the earnings from financial activities, the fees charged to builders/developers, and the contributions from other funding partners.

In 2021/22, BC Housing's expenditures totaled \$1.96 billion, an increase of \$57.7 million over 2020/21. BC Housing continues to provide financial supports to various housing programs that are either managed by non-profit housing providers or BC Housing directly. The expenses in most categories increased due to new projects coming online and inflationary operating costs in existing housing portfolio.

During the fiscal year, significant financial resources were invested in development programs. A total of \$579.4 million of capital funding was provided to the *Community Housing Fund*, *Indigenous Housing Fund*, *Supportive Housing Fund*, *Women Transition Housing Fund* and *Homelessness Action Plan* to construct/acquire new housing homes and to upgrade existing stock. In addition, \$32.8 million of operating funding was provided to housing providers under these programs to support the property management activities and provide wrap-around support services to clients who needed it.

Financial Summary¹

(\$000)	2020/21 Actual	2021/22 Budget	2021/22 Actual	2021/22 Variance
Revenue				
Provincial Contributions ²	1,689,514	1,820,742	1,743,414	77,328
Federal Contributions	164,881	166,442	154,010	12,432
Other ³	49,423	59,785	64,074	(4,289)
Total Revenue	1,903,818	2,046,969	1,961,498	85,471
Expenses				
Grants	772,674	905,852	906,039	(187)
Housing Subsidies	638,495	742,036	696,747	45,289
Rental Assistance	265,218	155,615	119,426	36,189
Salaries and Labour	80,639	92,963	86,290	6,673
Operating Expenses	88,748	91,130	90,935	195
Building Maintenance	22,247	19,550	22,505	(2,955)
Office and Overhead	13,768	15,148	15,032	116
Utilities	9,654	9,941	11,325	(1,384)
Grants in lieu of Property Taxes	9,650	9,649	10,063	(414)
Research and Education	2,509	1,110	2,178	(1,068)
Interest Expense	185	3,975	930	3,045
Total Expenses	1,903,787	2,046,969	1,961,470	(85,499)
Net Income	31	-	28	(28)
Total Liabilities	1,373,652	1,151,342	1,556,315	(404,973)
Capital Expenditures	3,392	5,000	4,188	812
Accumulated Surplus	203,910	186,298	209,656	(23,358)

¹ The above financial information was prepared based on current Generally Accepted Accounting Principles.

² In 2021/22, this includes funding of \$921.1 million provided directly by the provincial government to BC Housing, \$786.05 million from the Housing Priority Initiatives Special Account, \$12.9 million from the Housing Endowment Fund, \$23.4 million from other partnering ministries/agencies.

³ This includes tenant rent and revenues from other sources, including builder licencing fees.

Variance and Trend Analysis

Revenues

The Financial Summary table shows BC Housing's actual revenues totalled \$1.96 billion in 2021/22, which was \$85.5 million less than the 2021/22 budget, and \$57.7 million more than the previous year. These variances reflect changes in provincial revenue, federal revenue, and other revenue.

Provincial Revenue

Provincial revenue decreased by \$77.3 million compared to the 2021/22 budget and increased by \$53.9 million compared to the previous year. The budget variance is primarily due to lower than anticipated funding required from BC Housing to support the government's response to the COVID-19 pandemic. While the COVID-19 cases trended downwards, the demand for temporary spaces and COVID related safety measures was eased. In addition to lower-than-expected funding for the COVID-19 response, updates to project construction schedules resulted in the re-allocation of construction grants to future years, further reducing revenue provided by the province in 2021/22. The year-over-year variance in provincial revenues is primarily attributable to the increased capital investment in the *Building BC* programs as projects entered the construction phase. Other increases were related to subsidies provided to newly completed projects under *Building BC* programs and increased costs to operate the existing housing portfolio. These increases were largely offset by the reduction of funding toward the *BC Temporary Rent Assistance* program, which ended in August 2021.

Federal Revenue

Federal revenue decreased by \$12.4 million compared to the 2021/22 budget and \$10.9 million compared to the previous year. Lower than budgeted contributions under the *Social Housing Agreement (SHA)* account for the 2021/22 budget variance, which will be reallocated over the remaining term of the agreement. The year-over-year variance is primarily due to the gradually reduced contribution from the federal government while SHA project agreements are expiring.

Other Revenue

Other revenue increased by \$4.3 million compared to the 2021/22 budget and by \$14.6 million compared to the previous year. Most of the budget variance is attributable to increased rent revenue from the existing housing portfolio and newly completed/acquired projects. Higher rent revenue and better performance in the investment portfolio account for the year-to-year variance.

Expenditures

The Financial Summary table shows that BC Housing's actual expenditures totalled \$1.96 billion in 2021/22, which was \$85.5 million less than the 2020/21 budget, and \$57.7 million more than the previous year. Major variances include:

Grants

Grants were \$0.2 million higher than the 2021/22 budget and increased by \$133.4 million over the previous year.

The year-over-year variance is related to increased construction grants under *Building BC* programs such as the *Community Housing Fund*, *Supportive Housing Fund*, and *Women's Transition Housing Fund*, while more and more projects entered the construction phase. These increases were partially offset by the reduction of construction grants under the federal *Rapid Housing Initiative* program, as BC Housing-led Phase 2 projects under the program were not approved under the Federal program. Other programs such as *Rapid Response to Homelessness* and the response to Vancouver/Victoria decampment also saw lower capital spending than the previous year as these programs wound down.

Housing Subsidies

Housing Subsidies were \$45.3 million lower than the 2021/22 budget and \$58.3 million higher compared to the previous year. The budget variance primarily resulted from lower-than-expected spending in response to COVID-19, while the pandemic situation improved. In addition, the pandemic-driven construction delays in *Building BC* programs resulted in slower than anticipated program growth and related subsidies. Program growth that did take place under *Building BC* programs contributed to the year-over-year increase in housing subsidies, along with inflationary pressures on existing programs.

Rental Assistance

Rental Assistance was \$36.2 million lower than the 2021/22 budget and decreased by \$145.8 million compared to the previous year. The variances are due to the continuous decline in the number of clients receiving rental assistance under the *Shelter Aid for Elderly Renters (SAFER)* program and the *Rental Assistance Program (RAP)*. The wind-down of the *BC Temporary Rental Supplement* program in assisting renters who were impacted by COVID-19 from April 2020 to August 2020 also contributed to the large year-over-year variance.

Salaries and Labour

Salary and Labour costs were \$6.7 million lower than the 2021/22 budget and increased by \$5.7 million compared to the previous year. The budget variance is mainly due to the recruitment challenge in the highly competitive labour market during the pandemic. Year-over-year staffing cost increase is expected due to the expanding housing portfolio with the rollout of *Building BC* programs and *HousingHub* programs.

Other Expenses

Other Expenses were \$2.5 million lower than the 2021/22 budget and \$6.2 million higher compared to the previous year. Other expenses include directly managed property related costs such as operating expenses, building maintenance, utilities, and grants in lieu of property taxes, as well as administration related costs such as office and overhead, research and education, and interest expenses.

Risks and Uncertainties

Moving into the third year of the COVID-19 pandemic, British Columbia has lifted most of the province-wide COVID-19 restrictions because of the lowered hospitalization and transmission rates. However, certain health measures are still encouraged by non-profit housing providers to protect vulnerable populations from highly contagious COVID-19 variants. It is expected that the need for financial supports to safely implement these measures will remain high till the pandemic ends.

Global geopolitical conflict has led to the influx of refugees from Syria, Afghanistan, and Ukraine into British Columbia. Supports are required, including assistance to find temporary accommodations when they arrive, and to secure long-term housing for them to settle down in BC. BC Housing will re-prioritize the existing financial resources and seek additional support from government to assist the refugees in finding homes, in both social housing and the private market.

In 2021, British Columbians were negatively affected by mass wildfires, the summer heat dome, and the powerful atmospheric river. These extreme climate events had short-term and long-term impacts to the social housing sector. In the short term, the demand for temporary accommodations sharply increases in communities affected by the events, while in the long term, proactive actions and additional financial resources are required to upgrade existing housing stock and incorporate innovative design into new developments to withstand climate change impacts, and to ensure the health and safety of tenants.

Amid the skyrocketing inflation across Canada, the spike in price for material/services and interest rates, combined with the labour market shortage has led to significant increases in the capital cost of new housing developments under *Building BC* programs since the onset of the pandemic. A complete costing review of the programs is underway to fully understand the financial and unit target impact and to determine the actions required. Also, the rising operating costs, especially mortgage payment and staffing costs, are adding financial pressures to non-profit housing providers that have limited avenues to increase revenues and may in turn seek additional financial supports from BC Housing. BC Housing continues to work with non-profit partners to improve efficiency and explore alternative financing arrangements with various financial institutions in the market in order to minimize the interest rate risk.

Appendix A: Additional Information

Organizational Overview

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 builders, home warranty insurance, and research and education to improve the quality of residential construction and consumer protection.

BC Housing’s role is to assist British Columbians in greatest need of affordable housing by providing options along the housing continuum. BC Housing works in partnership with the private and non-profit sectors, provincial health authorities and ministries, Indigenous Nations and organizations, other levels of government and community groups to develop a range of housing options. BC Housing’s partners have the expertise to identify the appropriate housing needs of their client groups and to deliver the support services needed for successful tenancies. Visit BC Housing’s website for more information on the organization: www.bchousing.org.

Corporate Governance

BC Housing is accountable to the Attorney General and Minister Responsible for 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 our website describes our accountability to government as well as profiles of the Board, its members and committees:

www.bchousing.org/about/governance.

Appendix B: Auditor's Report and Audited Financial Statements

**British Columbia Housing Management
Commission Financial Statements**

March 31, 2022

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British Columbia Housing Management Commission

Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 26, 2022. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

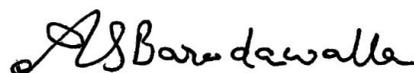
Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded, and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel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



Abbas Barodawalla
Vice President of Corporate Services
and Chief Financial Officer

May 26, 2022



Independent auditor's report

To the Board of Commissioners of British Columbia Housing Management Commission and 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, 2022 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, 2022;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of remeasurement gains (losses) for the year then ended;
- the statement of changes in net financial assets for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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.



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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 26, 2022

British Columbia Housing Management Commission

Statement of Financial Position

	March 31 2022 (\$'000's)	March 31 2021 (\$'000's)
Financial Assets		
Cash	\$ 38,259	\$ 34,671
Portfolio investments (Note 3)	114,106	103,346
Receivables (Note 4)	24,620	21,722
Due from Province of British Columbia (Note 17)	406,933	289,739
Due from Canada Mortgage and Housing Corporation	35,764	41,678
Due from (to) Provincial Rental Housing Corporation (Note 17)	127,951	47,118
Construction loans to housing projects (Note 4)	927,565	939,168
Mortgages and loans receivable (Note 5)	24,428	34,263
	<u>1,699,626</u>	<u>1,511,705</u>
Liabilities		
Accounts payable and accrued liabilities	141,112	119,667
Deferred revenue (Note 6)	184,636	258,521
Tenants' prepaid rent	1,475	1,571
Due to Provincial Treasury (Note 7)	736,024	548,953
Society funds held on deposit (Note 8)	28,682	22,910
Construction grants payable (Note 9)	459,944	417,969
Social Housing Agreement Reserves (Note 10)	4,442	4,061
	<u>1,556,315</u>	<u>1,373,652</u>
Net financial assets	<u>143,311</u>	<u>138,053</u>
Non-financial assets		
Prepaid expenses and housing subsidies	55,975	54,001
Tangible capital assets (Note 11)	10,370	11,856
	<u>66,345</u>	<u>65,857</u>
Accumulated surplus	<u>209,656</u>	<u>203,910</u>
Accumulated surplus comprises:		
Accumulated surplus from operations	201,345	201,317
Accumulated remeasurement gain (loss)	8,311	2,593
	<u>\$ 209,656</u>	<u>\$ 203,910</u>

Commitments (Note 16)
Contingencies (Note 19)

On behalf of the Board of Commissioners:



Cassie Doyle, Chair

British Columbia Housing Management Commission

See accompanying notes to the financial statements

Statement of Operations

Year Ended March 31	2022 Budget (\$000's) (Note 13)	2022 Actuals (\$000's)	2021 Actuals (\$000's)
Revenue			
Provincial contributions	\$ 1,820,742	\$ 1,743,414	\$ 1,689,514
Federal contributions	166,442	154,010	164,881
Tenant rent	32,992	38,480	34,328
Other (Note 12)	22,793	21,456	18,866
Portfolio investment income (loss)	4,000	4,138	(3,771)
	2,046,969	1,961,498	1,903,818
Expenses			
Grants	905,852	906,039	772,674
Housing subsidies	742,035	696,747	638,495
Rental assistance	155,615	119,426	265,218
Salaries and labour	92,963	86,290	80,639
Operating expenses	91,130	90,935	88,748
Building maintenance	19,550	22,505	22,247
Office and overhead	15,148	15,032	13,768
Utilities	9,941	11,325	9,654
Grants in lieu of property taxes (Note 14)	9,649	10,063	9,650
Research and education	1,110	2,178	2,509
Interest expense	3,976	930	185
	2,046,969	1,961,470	1,903,787
Annual surplus from operations		28	31
Accumulated surplus from operations at beginning of year		201,317	201,286
Accumulated surplus from operations at end of year		\$ 201,345	\$ 201,317

See accompanying notes to the financial statements

British Columbia Housing Management Commission

Statement of Cash Flows

British Columbia Housing Management Commission

Year Ended March 31	2022 (\$000's)	2021 (\$000's)
Cash flows provided by (used in)		
Operating transactions		
Annual surplus from operations	\$ 28	\$ 31
Non cash Items:		
Changes in non-cash working capital (Note 15)	(249,521)	(268,035)
Portfolio investment loss (income)	(4,138)	3,771
Discount on loans receivable	(1,181)	(1,375)
Depreciation of tangible capital assets	5,674	6,011
	<u>(249,138)</u>	<u>(259,597)</u>
Capital transactions		
Tangible capital asset additions net of disposals	<u>(4,188)</u>	<u>(3,392)</u>
Investing transactions		
Construction loans provided to housing projects	11,603	(344,002)
Cash redemption from short-term investments	560	38,753
Cash used for short-term investments	(1,065)	(38,392)
New mortgages provided	(150)	(1,753)
Mortgages payments received	11,164	11,109
	<u>22,112</u>	<u>(334,285)</u>
Financing transactions		
Grants received for construction	883,753	763,550
Grants used for construction	(841,777)	(690,078)
Loans provided by Provincial Treasury	1,628,331	1,184,389
Repayment to Provincial Treasury	(1,441,259)	(640,429)
Social Housing Agreement Reserves	(17)	(12)
Additions to society funds	7,839	7,154
Society funds used for projects	(2,068)	(4,133)
	<u>234,802</u>	<u>620,441</u>
Increase in cash	3,588	23,167
Cash, beginning of year	<u>34,671</u>	<u>11,504</u>
Cash, end of year	\$ <u>38,259</u>	\$ <u>34,671</u>

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British Columbia Housing Management Commission

Year Ended March 31	2022 (\$000's)	2021 (\$000's)
Cash flows provided by (used in)		
Operating transactions		
Annual surplus from operations	\$ 28	\$ 31
Non cash Items:		
Changes in non-cash working capital (Note 15)	(249,521)	(268,035)
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	<u>234,802</u>	<u>620,441</u>
Increase in cash	3,588	23,167
Cash, beginning of year	<u>34,671</u>	<u>11,504</u>
Cash, end of year	\$ <u>38,259</u>	\$ <u>34,671</u>

See accompanying notes to the financial statements

British Columbia Housing Management Commission

Statement of Remeasurement Gains (Losses)

Year Ended March 31	2022 (\$000's)	2021 (\$000's)
Accumulated remeasurement gain (loss), beginning of year	\$ <u>2,593</u>	\$ <u>(14,988)</u>
Amount released to statement of operations	-	13,573
Unrealized gain (loss) attributable to portfolio investments	<u>5,718</u>	<u>4,008</u>
Net remeasurement changes for the year	<u>5,718</u>	<u>17,581</u>
Accumulated remeasurement gain, end of year	\$ <u>8,311</u>	\$ <u>2,593</u>

Statement of Changes in Net Financial Assets

Year Ended March 31	Budget (\$000's)	2022 (\$000's)	2021 (\$000's)
	(Note 13)		
Annual surplus from operations		\$ 28	\$ 31
Net remeasurement changes for the year		<u>5,718</u>	<u>17,581</u>
		<u>5,746</u>	<u>17,612</u>
Depreciation of tangible capital assets		5,674	6,011
Disposal of tangible capital assets		-	41
Acquisition of tangible capital assets	<u>(5,000)</u>	<u>(4,188)</u>	<u>(3,433)</u>
		<u>1,486</u>	<u>2,619</u>
Acquisition of prepaid expenses		(13,434)	(28,558)
Use of prepaid expenses		14,469	25,928
Net Changes on prepaid Subsidies		<u>(3,009)</u>	<u>(8,496)</u>
		<u>(1,974)</u>	<u>(11,126)</u>
Changes in net financial assets for the year		5,258	9,105
Net financial assets, beginning of year		<u>138,053</u>	<u>128,948</u>
Net financial assets, end of the period		\$ <u>143,311</u>	\$ <u>138,053</u>

See accompanying notes to the financial statements

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

1. General

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

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

The Commission is exempt from federal and provincial income taxes.

2. Significant Accounting Policies

a) Basis of Presentation

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

b) Use of Estimates

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

c) Revenue Recognition

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

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

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

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

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 64,000 active plan members and approximately 50,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2020, indicated an actuarial surplus of \$2.7 billion for basic pension benefits. The next valuation will be as at March 31, 2023 with results available in early 2024. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid \$6,703,838 for employer contributions to the Plan in fiscal 2021/2022 (2020/2021: \$6,073,379).

g) Government transfers

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

h) Financial Instruments

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

British Columbia Housing Management Commission

Notes to the Financial Statements

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

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

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

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

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

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

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

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

3. Portfolio Investments

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

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

4. Receivables and Construction Loans to Housing Projects

a) Receivables

Receivables are recorded at cost less an amount for allowance of doubtful accounts. The allowance is determined on the basis of past collection experience. As at March 31, 2022, the allowance totalled \$4,575,000 (2021: \$4,397,000). Changes in the valuation allowance are recognized in the statement of operations.

b) Construction Loans to Housing Projects

In its capacity as a *National Housing Act* (NHA) approved lender, the Commission advances approved interim construction loan draws to both non-profit housing providers and developers under the social housing and market rental housing programs. The loan advances are repaid upon project construction completion and arrangement of long-term takeout mortgages with CMHC and/or NHA approved lenders. The average period of construction financing ranges from eighteen to thirty-six months depending on the magnitude of the project. Borrowers are charged interim interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs. The average yield for the year 2021/2022 is 0.69% (2020/2021: 0.78%). The allowance for construction loans to housing projects for the year 2021/2022 totalled \$8,614,000 (2020/2021: \$8,856,000).

5. Mortgages and loans receivable

a) Non-profit Housing Provider Mortgages Receivable

The Commission periodically continues to hold construction financing mortgages receivable after construction completes. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. As of March 31, 2022, the total value of construction financing mortgages receivable was \$8,321,000 (2021: \$10,110,000). These receivables are secured by mortgages and/or promissory note

b) BC HOME Partnership Loans Receivable

Through the BC Home Owner Mortgage and Equity Partnership (BC HOME Partnership), the Commission assisted eligible first-time homebuyers by providing repayable down payment assistance loans. The loans, secured as a second mortgage by property, are interest and payment free for the first five years after which interest at prime plus 0.5% will begin to accrue and principal and interest payments will be amortized over 20 years. The initial interest rate is set when the loan is conditionally approved and will be reset at the Royal Bank of Canada Prime Rate plus 0.5% at each of the 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, 2022, the total value of the loans receivable was \$16,031,000 (2021: \$24,077,000).

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

6. Deferred Revenue

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

	2021	Contributions Received	Revenue Recognized	2022
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Provincial Contributions	\$ 121,043	1,072,046	(1,161,331)	\$ 31,758
Federal Contribution	136,883	168,339	(153,162)	152,060
Other Agencies	595	774	(551)	818
	\$ 258,521	\$ 1,241,159	\$ (1,315,044)	\$ 184,636

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 \$800 million bearing interest at a rate charged by the provincial Ministry of Finance. Budget 2021 also approved an additional maximum borrowing limit of \$2 billion for HousingHub thus enhancing the maximum amount to \$2.8 billion. The debt is available by way of a series of rolling short-term promissory notes (that, when due, can be rolled into further short-term promissory notes).

8. Society Funds Held on Deposit

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

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

9. Construction Grants Payable

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

	2021 (\$000's)	Construction grants recognized (\$000's)	Construction grants applied (\$000's)	2022 (\$000's)
Building BC:				
Rapid Response to Homelessness	\$ -	\$ 355	\$ (355)	\$ -
Affordable Rental Housing	-	16,365	(16,365)	-
Deepening Affordability	19,948	(343)	(5,352)	14,253
Community Housing Fund	155,114	178,312	(161,411)	172,015
Indigenous Housing Fund	65,194	58,478	(40,445)	83,227
Supportive Housing Fund	-	250,323	(250,323)	-
Women's Transition Housing Fund	-	35,991	(35,991)	-
Homeless Action Plan	-	12,403	(12,403)	-
Capital Renewal Funding (Non-profit & PRHC)	84,186	146,254	(123,590)	106,850
Investment in Housing Innovation	60,788	2,231	(27,954)	35,065
Pandemic Recovery Grant	-	99,526	(99,526)	-
Investment in Affordable Housing Agreement	1,122	(1,600)	478	-
BC PHI Provincial Matching	2,496	2,500	(1,000)	3,996
Mental Health Housing Initiative	1,283	-	(64)	1,219
Permanent Housing Plan	-	5,564	(5,564)	-
Other Project Grants	7,944	8,908	(6,926)	9,926
Social Housing Agreement	27	-	-	27
Federal Bilateral Agreement	19,849	33,103	(22,376)	30,576
Federal Rapid Housing Initiative (RHI)	-	17,033	(14,261)	2,772
Federal Co-Investment Fund	-	18,350	(18,350)	-
Social Infrastructure Fund	18	-	-	18
	\$ 417,969	\$ 883,753	\$ (841,778)	\$ 459,944

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.

	2022 (\$000's)	2021 (\$000's)
Balance, beginning of year	\$ 4,061	\$ 3,508
Funds applied	(17)	(12)
Investment income	398	565
Balance, end of year	\$ 4,442	\$ 4,061

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

11. Tangible Capital Assets

	2021 (\$000's)		2022 (\$000's)	
	Cost	Additions	Disposals	Cost
Computer software	\$ 51,348	\$ 3,375	\$ -	\$ 54,723
Computer hardware	1,954	58	-	2,012
Tenant improvements	14,588	-	259	14,329
Office furniture	3,916	-	199	3,717
Office equipment	91	48	10	129
Vehicles	1,645	456	-	2,101
Grounds equipment	1,794	251	-	2,045
	\$ 75,336	\$ 4,188	\$ 468	\$ 79,056

	Accumulated Depreciation	Depreciation	Disposals	Accumulated Depreciation
Computer software	\$ 43,768	\$ 3,922	\$ -	\$ 47,690
Computer hardware	1,954	19	-	1,973
Tenant improvements	12,396	883	259	13,020
Office furniture	3,037	378	199	3,216
Office equipment	74	8	10	72
Vehicles	1,539	135	-	1,674
Grounds equipment	712	329	-	1,041
	\$ 63,480	\$ 5,674	\$ 468	\$ 68,686

Net Book Value	\$ 11,856			\$ 10,370
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12. Other Revenue

	2022 (\$000's)	2021 (\$000's)
Licensing & Consumer Service Revenue	\$ 6,865	\$ 7,046
Interest Revenue	5,205	5,178
Commercial Rent/Lease Revenue	3,387	1,204
Miscellaneous Revenue	5,999	5,438
Total Other Revenue	\$ 21,456	\$ 18,866

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

13. Budget Figures

Budgeted figures are provided for comparative purposes and are consistent with the budget presented in the 2021/2022 – 2023/2024 Service Plan that was released in April 2021.

14. Grants in Lieu of Property Taxes

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

15. Changes in Non-Cash Working Capital

	2022	2021
	(\$000's)	(\$000's)
Accounts payable and accrued liabilities	\$ 21,445	\$ 36,961
Deferred revenue	(73,885)	80,942
Due from Canada Mortgage and Housing Corporation	5,914	(28,826)
Due from Province of British Columbia	(117,194)	(283,744)
Due from (to) Provincial Rental Housing Corporation	(80,833)	(59,059)
Prepaid expenses and housing subsidies	(1,974)	(11,126)
Receivables	(2,898)	(3,329)
Tenants' prepaid rent	(96)	146
	\$ (249,521)	\$ (268,035)

16. Commitments

a) Rental Obligations

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

	(\$000's)
2023	\$ 5,575
2024	1,250
2025	685
2026	588
2027	599
Beyond	1,844
Total	\$ 10,541

b) Contractual Obligations- Housing Subsidies

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

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

		(\$000's)
2023	\$	484,144
2024		277,848
2025		222,624
2026		196,216
2027		174,645
Beyond		4,299,392
Total	\$	5,654,869

c) Contractual Obligations- Construction

The Commission entered into construction contracts to build or renovate 413 projects that are owned by the Corporation. Total contracts value as at March 31, 2022 was \$150,000,000. All construction contracts are expected to be completed within two years. As construction progresses, the asset values are recorded as work in progress (WIP) in the Corporation. Upon construction completion, WIP will be transferred to capital assets and depreciation will commence.

d) Public-Private Partnership Commitments

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

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

		Capital (\$000's)	Facility Maintenance and Lifecycle (\$000's)		Total Payments (\$000's)
2023	\$	9,461	\$ 2,165	\$	11,626
2024		9,461	3,292		12,753
2025		9,461	2,031		11,492
2026		9,461	2,040		11,501
2027		9,461	1,840		11,301
Thereafter		36,264	7,871		44,135
Total	\$	83,569	\$ 19,239	\$	102,808

e) Loan Insurance Agreement

CMHC provides loan insurance under the *NHA*. The CMHC/BC Housing Loan Insurance Agreement provides the Commission with the ability to arrange long term CMHC loan insured mortgages on behalf

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

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

The maximum value of mortgages that can be insured under this agreement is \$4.5 billion. As of March 31, 2022, the total value of outstanding CMHC insured mortgages was \$2,967,467,062 (2021: \$2,652,223,574). There is no claim expected on this portfolio and the Commission has not recorded a provision for loss.

17. Related Party Transactions

a) BC Government Reporting Entities

The Commission is related through common control to all Province of BC ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at the exchanged amount, which is the amount of consideration established and agreed to by the related parties. Funds are due on receipt of the invoice and bear no interest.

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 \$539,390,000 (2020/2021: \$500,297,000) to the Corporation for capital grants, self-insurance, mortgage subsidies, etc. As at March 31, 2022, amounts due from the Corporation totalled \$127,951,000 (2021: 47,118,000) and represent funds provided by the Commission to the Corporation for the acquisition and development of properties under social housing programs. The balances are non-interest bearing with no set terms of repayment.

18. Contractual Rights

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

British Columbia Housing Management Commission

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Contractual right with:	Description	2023 (\$000's)	2024 (\$000's)	2025 (\$000's)	2026 (\$000's)	2027 (\$000's)	Thereafter (\$000's)
CMHC	Annual funding under the Social Housing Agreement (SHA)	\$ 80,179	\$ 71,976	\$ 63,711	\$ 51,422	\$ 37,306	\$ 50,359
CMHC	Annual funding under Bilateral Agreement	64,017	76,451	89,392	-	-	-
Non-profit housing providers	Land/and or building lease payments on properties owned by the Corporation	1,382	1,355	1,293	1,105	1,077	15,366
Total		\$ 145,578	\$ 149,782	\$ 154,396	\$ 52,527	\$ 38,383	\$ 65,725

19. Contingencies

a) Letters of Credit

As at March 31, 2022, the Commission was contingently liable with respect to letters of credit totalling \$13,773,254 (2021: \$11,581,234) 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, 2022, 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.

20. Financial Instrument Risks

The Commission, through its financial assets and liabilities, is exposed to credit risk, interest rate risk, market risk and liquidity risk. The following analysis provides a measurement of those risks at March 31, 2022:

a) Credit Risk

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

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

With respect to construction loans to housing projects, the development phase of a project bears some credit risk as a result of municipal zoning uncertainty, the capacity of non-profit housing providers, and

British Columbia Housing Management Commission

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March 31, 2022

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

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

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

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

b) Market Risk

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

Interest rate Risk

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

Other price risk

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

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

c) Liquidity Risk

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

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2022

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

2022 March 31

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	\$ 446,772	\$ 480,793	\$ -	\$ 927,565
Mortgages and loans receivable	458	3,178	20,792	24,428
Total	\$ 447,230	\$ 483,971	\$ 20,792	\$ 951,993

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	\$ 2,844	\$6,110	\$19,728	\$ 28,682

2021 March 31

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	\$ 769,558	\$ 169,610	\$ -	\$ 939,168
Mortgages and loans receivable	1,869	5,692	26,702	34,263
Total	\$ 771,427	\$ 175,302	\$ 26,702	\$ 973,431

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	\$ 2,537	\$ 6,386	\$ 13,987	\$ 22,910

Provincial Rental Housing Corporation
Financial Statements

March 31, 2022

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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 on May 26, 2022. The financial statements have also been reviewed and approved by the Board of Directors.

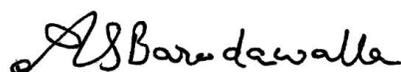
Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded, and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel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



Abbas Barodawalla
Director

May 26, 2022



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, 2022 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, 2022;
- 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 significant accounting policies and other explanatory information.

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.

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

Management is responsible for the preparation of the financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 26, 2022

Provincial Rental Housing Corporation

Statement of Financial Position

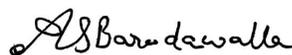
	March 31 2022 (\$000's)	March 31 2021 (\$000's)
Financial assets		
Cash	\$ 1	\$ 1
Debenture subsidy receivable	839	839
Long-term receivables (Note 3)	<u>229,106</u>	<u>238,615</u>
	<u>229,946</u>	<u>239,455</u>
Liabilities		
Interest payable	193	231
Deferred capital contributions (Note 4)	1,489,765	1,209,582
Due to BC Housing Management Commission (Note 6)	127,951	47,118
Unearned lease revenue	29,905	30,836
Site contamination (Note 5)	5,985	6,396
Long-term debt (Note 7)	<u>237,444</u>	<u>220,808</u>
	<u>1,891,243</u>	<u>1,514,971</u>
Net debt	<u>(1,661,297)</u>	<u>(1,275,516)</u>
Non-financial assets (Note 8)		
Housing and projects under construction	2,997,063	2,461,365
Riverview Lands redevelopment	<u>56,071</u>	<u>52,553</u>
	<u>3,053,134</u>	<u>2,513,918</u>
Accumulated surplus	<u>\$ 1,391,837</u>	<u>\$ 1,238,402</u>

Commitments (Note 11)

On behalf of the Board of Directors:



Shayne Ramsay, President



Abbas Barodawalla, Director

See accompanying notes to the financial statements

Provincial Rental Housing Corporation

Statement of Operations

Year Ended March 31	2022 (\$000's)	2021 (\$000's)
Revenue		
Provincial subsidy	\$ 36,885	\$ 30,544
Contribution revenue	231,026	246,720
Lease revenue	931	931
Interest income	-	4,179
	<u>268,842</u>	<u>282,374</u>
Expenses		
Depreciation	87,593	77,652
Interest on long-term debt	9,566	10,320
Other Interest expense	6,568	-
Loss from disposition of properties (Note 9)	7,957	11,875
Group home and self insurance claims	3,723	4,573
	<u>115,407</u>	<u>104,420</u>
Annual surplus from operations	<u>153,435</u>	<u>177,954</u>
Accumulated surplus from operations at beginning of year	<u>1,238,402</u>	<u>1,060,448</u>
Accumulated surplus from operations at end of year	<u>\$ 1,391,837</u>	<u>\$ 1,238,402</u>

See accompanying notes to the financial statements

Provincial Rental Housing Corporation

Statement of Changes in Net Debt

Year Ended March 31	2022 (\$000's)	2021 (\$000's)
Annual surplus	\$ 153,435	\$ 177,954
Additions of tangible capital assets	(633,975)	(566,172)
Depreciation of tangible capital assets	87,593	77,652
Disposal of tangible capital assets	10,684	23,396
	<u>(535,698)</u>	<u>(465,124)</u>
Riverview Lands redevelopment	(3,518)	(2,530)
Changes in net debt for the year	(385,781)	(289,700)
Net debt, beginning of year	<u>(1,275,516)</u>	<u>(985,816)</u>
Net debt, end of year	<u>\$ (1,661,297)</u>	<u>\$ (1,275,516)</u>

See accompanying notes to the financial statements

Provincial Rental Housing Corporation

Statement of Cash Flows

Year Ended March 31	2022 (\$000's)	2021 (\$000's)
Cash flows provided by (used in)		
Operating transactions		
Annual surplus from operations	\$ 153,435	\$ 177,954
Non cash Items:		
Depreciation of tangible capital assets	87,593	77,652
Amortization of deferred contributions	(71,660)	(67,639)
Loss on sale of property	7,957	11,875
Little Mountain Interest adjustment	6,568	(4,179)
Amortization of unearned lease revenue	(931)	(930)
Changes in non-cash working capital (Note 10)	80,795	59,022
	<u>263,757</u>	<u>253,755</u>
Capital transactions		
Additions of tangible capital assets	(633,975)	(566,172)
Proceeds on sale of tangible capital assets	5,668	15,551
Səmiqwəʔelə (Riverview Lands) Redevelopment	(3,518)	(2,530)
	<u>(631,825)</u>	<u>(553,151)</u>
Financing transactions		
Deferred capital contributions received	351,843	296,446
New long-term debt financing	36,378	21,538
Site contamination	(411)	(429)
Long-term debt repayment	(19,742)	(18,159)
	<u>368,068</u>	<u>299,396</u>
Increase in cash	-	-
Cash, beginning of year	<u>1</u>	<u>1</u>
Cash, end of year	\$ <u>1</u>	\$ <u>1</u>

See accompanying notes to the financial statements

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

1. General

The Provincial Rental Housing Corporation (the Corporation) was incorporated under the *Company Act* of the Province of British Columbia (the Province) 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 initiatives for the Province. It also holds land under long-term leases to housing providers. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the Commission), The Commission is a Crown corporation and a related entity to the Corporation through common control by the Province. The Commission recognizes the related rental revenue of the housing units 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 13.

b) Use of Estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring use of estimates include the useful lives of tangible capital assets, collectability of receivables and site contamination liability. 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 13).

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

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

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 to net realizable value 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) Səmiqwə?elə (Riverview Lands) Redevelopment

Costs associated with the redevelopment that meet capitalization criteria are capitalized, including carrying costs, construction, net operating income or losses, financing, demolition, land planning and incidental carrying costs net of any revenue generated at the site. Costs are 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 to housing providers. These 60-year leases are prepaid by the housing providers when the housing projects are completed and ready for occupancy. The Corporation amortizes the amount as lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

i) Financial Instruments

The Corporation's financial instruments consist of cash, debenture subsidy receivable, due to BC Housing Management Commission, long-term receivables, 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) Future accounting standards:

In March 2018, PSAB issued PS 3280, Asset Retirement Obligations. PS 3280 defines and establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets. The main features of PS 3280 are:

- An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs associated with a tangible capital asset controlled by the entity increase the carrying amount of the related tangible capital asset (or a component thereof) and are expensed in a rational and systematic manner.
- Asset retirement costs associated with an asset no longer in productive use are expensed.
- Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature of the re-measurement and whether the asset remains in productive use.
- Asset retirement obligations include post-retirement operation, maintenance and monitoring.
- A present value technique is often the best method with which to estimate the liability.

PS 3280 applies to fiscal years beginning on or after April 1, 2022. Management is in the process of assessing the impact of adoption of PS 3280 on the financial statements of the Corporation.

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

3. Long-term Receivables

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 2.31 per cent.

	Little Mountain (\$000's)	
March 31, 2021 Balance	\$	238,615
Principal adjustment		(2,941)
Interest Adjustment		(6,568)
March 31, 2022 Balance	\$	229,106

4. Deferred Capital Contributions

	2022 (\$000's)		2021 (\$000's)	
Balance, beginning of year	\$	1,209,582	\$	980,775
Receipts		351,843		296,446
Amortization		(71,660)		(67,639)
Balance, end of period	\$	1,489,765	\$	1,209,582

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

5. Site Contamination

The Ministry of Citizens' Services and the Ministry of Health transferred \$7.4 million to the Corporation in February 2015 for remediation of contaminated sites at Səmiqwə?elə (Riverview Lands) project site. As of March 31, 2022, the total liability is \$5.99 million (2021: \$6.40 million). The Corporation reviews the contamination and cost of remediation over the life of the projects and adjust the liability as information available. As at March 31, 2022, the liability amount is enough to cover the present value of remediation costs required, 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.

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

6. 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 financial statements of the Commission. Separate financial statements are prepared for the Commission.

During the year, the Corporation provided \$7,422,000 (2021: \$5,825,000) to the Commission for services performed by the Commission on behalf of the Corporation and the Commission provided \$539,390,000 (2021: \$500,297,000) to the Corporation for capital grants, self-insurance, debenture and mortgage subsidies, etc. As at March 31, 2022, amounts due to the Commission totalled \$127,951,000 (2021: \$47,118,000) and represent funds received from the Commission for the acquisition and development of properties under social housing programs. These funds 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 per cent administration fee on the acquisition or disposition of property for services performed.

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

7. Long-Term Debt

	2022	2021
	(\$000's)	(\$000's)
Canada Mortgage and Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2029, with a weighted average rate of 7.95% (2021: 7.91%) and secured by unregistered first mortgages on properties of the Corporation.	\$ 21,650	\$ 26,745
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, with an average rate of 2.34% (2021: 2.40%), secured by registered first mortgages on properties of the Corporation.	154,282	127,568
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.	61,512	66,495
	\$ 237,444	\$ 220,808

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

	(\$000's)
2023	\$ 32,214
2024	25,537
2025	48,926
2026	22,621
2027	31,097
Thereafter	77,049
	\$ 237,444

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

8. Non-Financial Assets

a) Housing and projects under construction

Cost	2021			2022
	(\$000's)			(\$000's)
	Beginning	Additions	Disposals	Ending
Land	\$ 716,038	\$ 163,419	\$ (4,923)	\$ 874,534
Buildings	2,073,373	390,602	(3,481)	2,460,494
Construction in progress	283,802	79,954	(4,071)	359,685
	\$ 3,073,213	\$ 633,975	\$ (12,475)	\$ 3,694,713

Depreciation	Beginning	Annual	Disposals	Ending
	Depreciation	Expense	Adjustments	Accumulated
Buildings	\$ 611,848	\$ 87,593	\$ (1,791)	\$ 697,650

Net Book Value	Beginning	Ending
Land	\$ 716,038	\$ 874,534
Buildings	1,461,525	1,762,844
Construction in progress	283,802	359,685
	\$ 2,461,365	\$ 2,997,063

b) Səmiqwə?elə (Riverview Lands) redevelopment

On February 2, 2015, ownership of Səmiqwə?elə (Riverview Lands) was transferred to the Corporation from the Ministry of Citizens' Services. The land is to be redeveloped over the next several years. 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.

	2021			2022
	(\$000's)			(\$000's)
	Beginning	Expenditures	Revenue	Ending
Construction	\$ 44,254	\$ 2,228	\$ -	\$ 46,482
Net operating	8,299	6,497	(5,207)	9,589
	\$ 52,553	\$ 8,725	\$ (5,207)	\$ 56,071

As part of its ongoing consultations with the Kwikwetlem First Nation (KFN) respecting the future use and redevelopment of Səmiqwə?elə (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

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

the KFN continue to work together to conclude a final impact benefits agreement in relation to Səmiq̓wəʔelə (Riverview Lands).

9. Loss from Disposition of Properties

	2022 (\$000's)	2021 (\$000's)
Property present value adjustment (Note 3)	\$ 2,941	4,030
Modular building dismantle and modular units demolition	3,417	7,482
Building demolition	1,492	1,023
Sale of properties	107	(660)
Loss from Disposition of Properties	\$ 7,957	\$ 11,875

10. Changes in Non-cash Working Capital

	2022 (\$000's)	2021 (\$000's)
Interest payable	(38)	(37)
Due to BC Housing Management Commission	80,833	59,059
Total	\$ 80,795	\$ 59,022

11. Public – Private Partnership 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 8) and the obligation was recorded as a liability and included in long-term debt (see Note 7). 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)
2023	9,461	2,165	\$ 11,626
2024	9,461	3,292	12,753
2025	9,461	2,031	11,492
2026	9,461	2,040	11,501
2027	9,461	1,840	11,301
Thereafter	36,264	7,871	44,135
Total	\$ 83,569	\$ 19,239	\$ 102,808

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

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, 2022:

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 long-term receivables (see Note 3).

To reduce the risk associated with 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 1 year. The table below shows the various financial assets and liabilities that mature after 1 year.

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

2022				
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	\$ 23,316	\$ 44,752	\$ 161,038	\$ 229,106
Total	\$ 23,316	\$ 44,752	\$ 161,038	\$ 229,106

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	\$ 32,214	\$ 128,181	\$ 77,049	\$ 237,444

2021				
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	\$ -	\$ 205,896	\$ 32,719	\$ 238,615
Total	\$ -	\$ 205,896	\$ 32,719	\$ 238,615

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	\$ 32,898	\$ 118,131	\$ 69,779	\$ 220,808

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.

Provincial Rental Housing Corporation

Notes to the Financial Statements

March 31, 2022

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, 2021, an increase to annual surplus of \$220,720,000; and,
- b) At March 31, 2021, an increase to accumulated surplus and a decrease to contributions of \$1,176,938,000.
- c) For the year ended March 31, 2022, an increase to annual surplus of \$266,822,000; and,
- d) At March 31, 2022, an increase to accumulated surplus and a decrease to contributions of \$1,443,761,000.