



Housing Services Corporation

2022 Annual Report



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Howie Wong (he/him),
Chief Executive Officer



Brian Marks (he/him),
Board Chair

Letter from the CEO & Chair

Throughout 2022, HSC felt the effects of global developments across our business lines.

Rising inflation impacted interest rates, the prices for goods and services and the capital markets. In February 2022, Russia invaded the Ukraine, resulting in sanctions on Russian energy exports. In mid-May, over a million residents in southern Ontario experienced the destructive power of a Derecho, which left a trail of damage in its wake and resulted in \$875M in property damage across Ontario and Quebec. Finally, towards the end of the year, the lifting of COVID-19 mandates meant that employees across all industries returned to the office with fewer restrictions.

HSC endeavoured to help our clients and stakeholders navigate these developments by remaining responsive and flexible. We also asked them to

think about how we might help in the future, as we devised our strategic plan for the next five years.

The success of our work in 2022 would not be possible without the work of our staff. We would like to thank them for their tremendous efforts in 2022, our clients for their trust, and you, our stakeholders, for your continued support. We look forward to meeting the challenges of 2023.

HSC Core Programs at a Glance



~90,000,000 m³
Purchased

94,000
Homes Heated

43
Clients

+700
Buildings Benchmarked



\$37,700,000,000
Assets Insured

+199,100
Units Insured

683
Clients Insured

+6,500
Units Insured



\$517,000,000
Assets Under Management (Ontario)

+86,000
Units with Reserves

835
Ontario Clients

\$5,200
Average Reserves per Unit

Energy Services

In 2022, more than 50% of Natural Gas Purchasing Program clients were up for renewal for 2023 and beyond.

Rising inflation, decreased gas production, and reduced supply of Russian gas to Europe resulted in an extremely volatile market. This environment prompted several clients to lock in for multiple years, while others took a wait-and-see approach. To support clients in their decision-making, HSC offered:

- Single or multi-year fixed rate options for those seeking price protection and stability, and a variable rate option for those seeking a degree of market exposure
- Advanced-year options on transportation to take advantage of favourable pricing on longer terms

- Market updates providing timely commentary to inform their decision-making
- Proactively setting an earlier renewal date in anticipation of market increases in the second half of the year
- A tranche approach to purchasing for our fixed-rate clients to help ensure that the best possible pricing was secured

Amidst this volatility, some clients chose to add accounts to the HSC program that had not previously been enrolled. One larger client added 265 accounts, effective for January 2023, citing a desire to mitigate risk associated with being on the utility company's market rate.

HSC continued to make progress in 2022 in providing and developing data analytics to support decision-making in the sector. Bruce County bolstered its view into the utility usage of its portfolio by adding 20 additional buildings to the Utility Management Program. Internally, HSC also further improved the tracking of its gas program in its customer relationship management system through a review and alignment of old/new account information and development of enhanced reports. Capturing key data points in these areas not only makes the administration of the program more efficient but also opens up access to data that can be easily aggregated for sector-level research on energy trends.


Insurance & Risk Management

From a claims perspective, 2022 was a challenging year.

For the 2021-22 term, we had 183 claims (up from the previous year) and 10 claims over \$1M. The program also experienced other pressures. The May Derecho caused over \$875M in property damage across Ontario and Quebec. Inflation drove up repair and restoration costs; and losses from Russia-Ukraine conflict and COVID-19 have prompted insurance and reinsurance underwriters to increase the price of property risk. Furthermore, multi-residential property portfolios remain a less-than-desirable category of risk for underwriters.

In spite of this, we held our group premium to a 15% average increase. We also were successful in controlling costs and improving client services with our Directors' and Officers' (D&O) coverage due to a switch in carriers. In addition to securing a carrier with considerable experience in non-profit housing and a hotline for urgent legal concerns, we were able to negotiate a three-year rate guarantee to help control overall insurance costs.





The Program also experienced dramatic growth at renewal, adding almost 60 new clients, 20,000 units and \$5.4B in total insured values.

HSC also added more than 600 new community housing residents to its Tenant Insurance Program providing them with protection when they need it most and helping housing providers mitigate risk.

In addition to this, we continued to raise awareness of risk management best practices and trends with new resource guides, four webinars and our quarterly newsletter. We also developed and previewed new Local Housing Corporation (LHC) dashboards for our largest clients so they can better manage risk by having real-time access to their insurance claim information and key data points.



Business Solutions

In the last three years, HSC's Business Solutions unit has worked closely Ontario's Service Managers and housing providers as they undertake their future planning.

The unit brings to its work a unique view into how different organizations are undertaking their strategic and portfolio planning, the administration of their housing as well as the rollout of programs from senior levels of government. In 2022, Business Solutions worked on a total of 32 projects in the following areas:

- Community Housing Renewal
- Working with Service Managers (SMs) and District Social Services Administration Boards (DSSABs) to deliver housing provider End of Mortgage (EOM) information and planning sessions
- Undertaking financial baseline and scenario modelling resulting from new regulatory changes
- Developing SM/LHC governance reviews
- Undertaking and drafting SM Master Housing Plans/Community Housing Strategies
- Performing analysis and developing Strategic Asset Management Plans
- Designing pro forma templates and redevelopment workplans

Technical Services

HSC Technical Services continues to meet the needs of many housing providers and Service Managers as they undertake capital retrofit and renewal projects.

The team had 67 active projects in 2022 with a renewed focus on supporting the sector to gather and assess capital needs through managing Building Condition Audits for quality and consistency and using the data to develop 10-year capital plans. Technical Services has also increasingly become a critical partner to Service Managers by managing the effective planning and implementation of COCHI/OPHI projects to maximize budget impacts and ensure work is done to the required timelines.

In 2022, HSC's Technical Services continued its integration with Business Solutions offerings. Their complementary knowledge of capital asset and portfolio planning and management provided "one-stop shopping" for many Service Managers as they develop their long-term housing strategies for Local Housing Corporations and community-based non-profits and co-operatives. The team is also playing an increasing role in supporting SMs and DSSABs in building new housing — from supporting site identification and managing the procurement of the various studies and services to project managing the build itself. Working closely with HSC allows our clients to ensure that multi-year projects stay on track.



AssetPlanner

The need for an asset management and planning tool has become clear with the requirements under the new regulations to create 10-year joint financial plans.

HSC continues to support the sector by offering licencing as well as training and support to the AssetPlanner software. With 90,000 units in the system across Ontario, this software provides critical data to support decision-making to protect community housing assets. HSC staff are currently working with the AssetPlanner user group to identify how this data can be leveraged to create the financial plans and to explore how data visualization can be applied to aid in reporting.



Partnerships

The economic conditions of 2022 were tough on our two partnership ventures, Encasa Financial and the HPC Housing Investment Corporation.

The first six months of 2022 were the worst for investors since the 1930s. And to cool inflation, the Bank of Canada raised its benchmark interest rates seven times. Both had a huge impact on both Canadian consumers and businesses and influenced the performance of these businesses.

Encasa Financial: Capital Reserve Investments

Typically stocks and bonds have an inverse relationship: when bonds yields are up, stocks go down and vice-versa. That did not happen in 2022. Both equities and bonds went down. For many Encasa investors, this volatility was alarming.

That said, in most cases the impacts were limited to paper losses. Furthermore, the dip in the market did not disprove the objective of the Capital Reserve Investment Program: the long-term appreciation of capital reserves, as noted in the Auditor General report that prompted its creation. Encasa investments have lived up to this goal, even when factoring in the declines in 2022.

In spite of this, the concerns of providers in the Social Housing Investment Program were registered by Encasa's Advisory Committee. To address this concern, the Committee advanced recommendations for a new investment vehicle focused on capital preservation and Encasa staff moved forward with a study of money market products that would complement and integrate with the company's existing investment products.

HPC Housing Investment Corporation

In 2022, the HPC Housing Investment Corporation (HIC) celebrated the grand opening of Cividia's Londonderry development, which received \$40M in financing over 40 years under HIC's construction loan program. It also created a \$100m facility for smaller take-out loans. Seeking to meet the specific financing needs of the sector, HIC also launched a survey of Canadian housing providers.

However, the recent increase in interest rates has reduced demand for long-term financing and has resulted in the deferral of many plans for affordable housing development. It also affected HIC's value proposition and ability to add to its book of business in 2022.





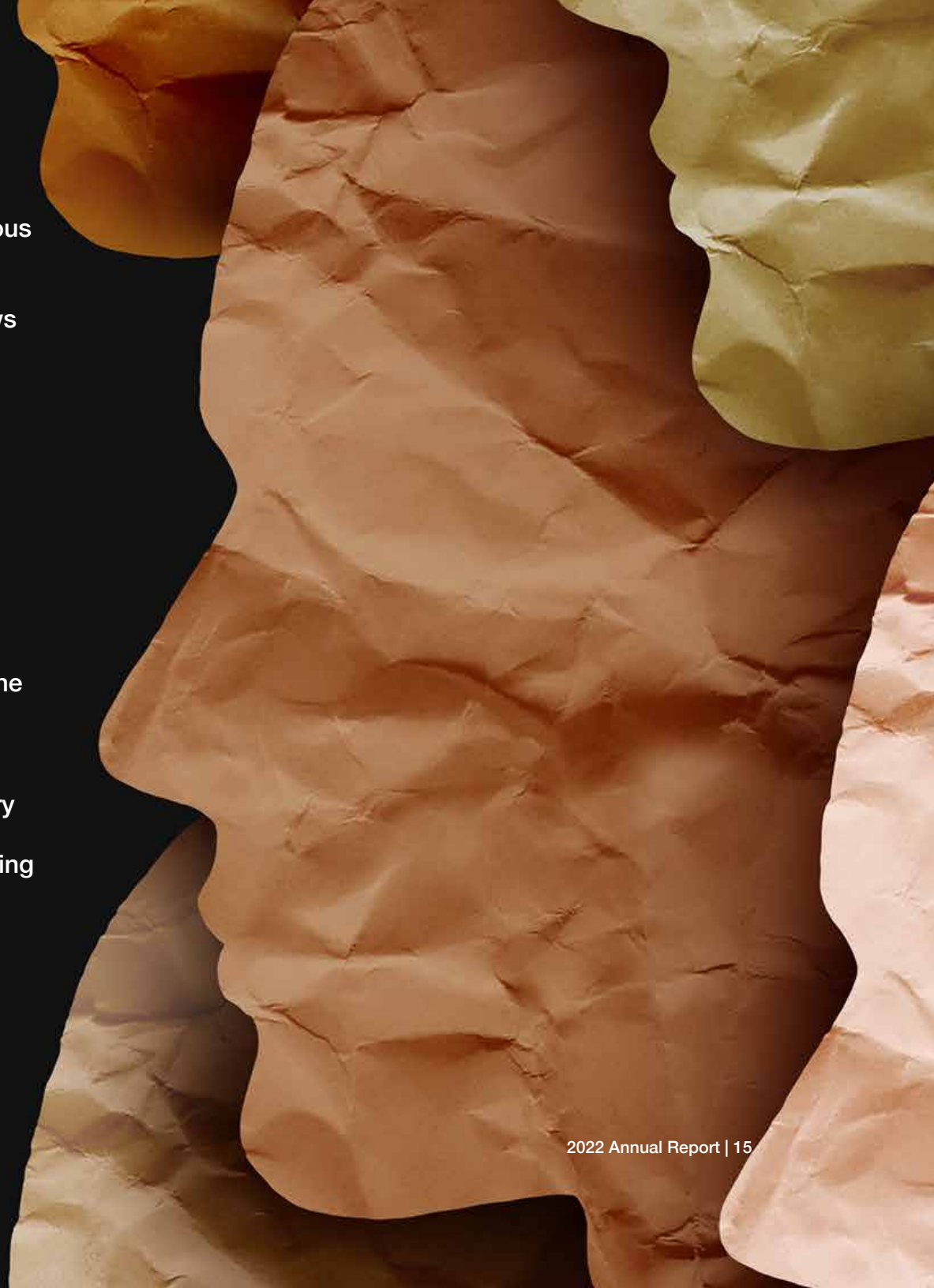
Inclusivity, Diversity, Equity and Accessibility (IDEA) at HSC

In 2022, HSC took deliberate steps to make Inclusivity, Diversity, Equity and Accessibility (IDEA) Principles a top priority for our organization moving into the future.

In recent years, important social movements, such as the Black Lives Matter protests, and troubling news stories surrounding the discovery of mass graves of Indigenous children on former residential school sites across Canada, have spurred important discussions among the public as well as among HSC staff. As an organization, we took the time to reflect on the communities HSC serves – both directly and indirectly – and what more we could be doing to listen, learn, and build more inclusive spaces.

In 2022, this culminated in the development of an IDEA workplan. We launched the first phase of its implementation by completing the following activities:

- Examination of our policies, procedures and workplace activities through the lens of IDEA
- Measurement framework to regularly report progress on the workplan to the HSC Board

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- Training focused on defining moments that have helped to shape the history of Indigenous peoples in Canada
 - Internal staff survey to understand their views on IDEA initiatives and to serve as a benchmark for future activities
 - Review of corporate values to ensure they reflect our commitment to IDEA
 - Guidelines for staff emails, corporate signatures, and for meetings and sector events, to signal HSC's allyship with Indigenous and LGBTQ2S+ communities
 - Posted a Corporate Statement on IDEA on the HSC website

In the years to come, we are committed to continuing this dialogue and making any necessary adjustments along the way, as we strive to better support our staff, clients and the community housing sector as a whole.

Our 2023-2027 Strategic Plan

How we meet the affordable housing needs of our communities is changing as our sector moves to a post-EOM (end of mortgages) reality.

Relationships between Service Managers and housing providers have entered a new chapter with new agreements, financial and administrative responsibilities and approaches to ensuring the viability of providers and the preservation of the asset.

With this in mind, HSC undertook consultations with our staff, advisory groups, clients, stakeholders and our board over the course of 2022. We were gratified to hear that our work is well regarded. Those that we spoke to felt that we understand the needs of the sector, particularly when it comes to the knowledge exchange associated with our events, webinars and resource groups. They also appreciated the cost-competitiveness and distinct value-adds of our core programs.

More importantly, we received helpful insight into the sector's changing needs, including those that are being driven from outside the sector but influence our work and how we do it (such as climate change, new technologies and emerging ESG frameworks for business). We have endeavored to account for this in our plan.

For 2023-2027, our primary goal is to continue to evolve our services so our clients can sustain their assets, increase the supply of affordable housing and house people better. We will continue to promote a networked sector and to connect people with both digital and hands-on knowledge. Fostering inclusion will also play an important role in our journey ahead since compassion is at the core of our sector and essential to our global future.



Thank You for Your Help in 2022

We depend on the insight of our advisory committees to achieve our mission. They help us understand sector needs and provide feedback on how we should evolve our services. They do so on a voluntary basis, taking time out of their busy schedules to share their knowledge and experience. Here we wish to acknowledge them and our Board for their valuable contributions.

HSC Board:

- **William Bradica**, District of Thunder Bay
- **Aileen Baird**, Peel Region
- **Shelley Carroll**, City of Toronto
- **Zoran Churchin**, Zoran Properties
- **Stella Danos-Papaconstantinou**, Durham Region
- **Michael Duben**, Oxford County
- **Ronald Holman**, former Mayor, Township of Rideau Lakes (Vice-Chair)
- **Graeme Hussey**, Cahdco (Treasurer)
- **Renée Kominek**, Cooperative Housing Property Manager
- **Sheldon Laidman**, City of Peterborough
- **Brian Marks**, Cochrane District (Chair)
- **Kim Weiman**, Community Housing Management Network
- **Donna Woiceshyn**, Niagara Regional Housing
- **Anne Marie Shaw**, Grey County
- **Janice Sheehy**, Peel Region

Service Manager Advisory Committee:

- **Jeff Barban**, Sault Ste. Marie
- **Andy Blomberg**, Cochrane
- **Cindi Briscoe**, Greater Sudbury
- **Rebecca Carman**, Northumberland
- **Glenn Courtney**, Toronto
- **Lindsay Cumming**, Cochrane
- **Jody DeGagne**, York
- **Tom Fortier**, Muskoka
- **Lisa Goodfellow**, Ottawa
- **Ray Harper**, Chatham-Kent
- **Jane Hartley**, Halton
- **Catherine Matheson**, Nipissing
- **Rebecca Morgan-Quin**, Peterborough
- **Ryan Pettipiere**, Waterloo
- **Ken Ranta**, Thunder Bay
- **Doug Rollins**, Toronto
- **Saide Sayah**, Ottawa
- **Nicola Reid**, Kingston
- **Alan Robins**, Durham
- **Jenny Shickluna**, Niagara
- **Dietrich Sider**, Ottawa
- **Elizabeth Storti**, Peel
- **Alison Tutak**, Leeds-Grenville
- **Kirk Whittal**, Windsor
- **Arfona Zwiers**, Simcoe

Service Manager Housing Company Network:

- **Andrew Balahura**, Halton
- **Kerry Hobbs**, York
- **Danielle Hounsell**, Waterloo
- **Amy Osika**, Waterloo
- **Lisa Smith**, Cornwall
- **Joe Valvasori**, Halton
- **Andrea Warren**, Peel
- **Donna Woiceshyn**, Niagara

LHC Forum:

- **Matthew Bowen**, Haldimand-Norfolk
- **Paul Chisholm**, London & Middlesex
- **Hope Lee**, Peterborough
- **Mary Lynn Cousins Brame**, Kingston & Frontenac
- **Nathalie Fauvel**, Ottawa
- **Stéphane Giguère**, Ottawa
- **Tom Hunter**, Toronto (TSHC)
- **Jag Sharma**, Toronto (TCHC)
- **Jim Steele**, Windsor Essex
- **Adam Sweedland**, Hamilton
- **Cynthia Summers**, Windsor Essex

Energy Services Stakeholder Advisory Group:

- **Cameron Banach**, Niagara
- **Jeff Barban**, Sault Ste. Marie
- **Dan Dicaire**, Ottawa
- **Jon Dilworth**, Toronto
- **Boyd Dyer**, Toronto
- **Marty Farough**, Thunder Bay
- **Hans Kogel**, Windsor Essex
- **Michelle Lafond**, Cochrane
- **Donna Mayer**, Nipissing
- **Nicole Piquette**, Greater Sudbury
- **Ben Reynolds**, Kenora
- **Chris Shilton**, Hamilton
- **Jeff Yeo**, Muskoka
- **Rizwan Zaeem**, Victoria Park Community Homes
- **Kimberly Zarichney**, Greater Sudbury
- **Richard Zhang**, York
- **Theo Hug**, Ministry of Municipal Affairs and Housing

Insurance Advisory Group:

- **Jeff Barban**, Sault Ste. Marie
- **Kevin Bradley**, Ajax Municipal Housing
- **Rebecca Carman**, Northumberland
- **Georgina Daniels**, Thunder Bay
- **Tina Gardiner**, York, Chair
- **John McDonald**, Peel
- **Nicole Piquette**, Greater Sudbury
- **Anita Tsang-Sit**, Toronto

Encasa Advisory Committee:

- **Cindi Briscoe**, Greater Sudbury
- **Georgina Daniels**, Thunder Bay
- **Tracey Greig**, Durham Region Non-Profit Housing
- **Stephen Quinn**, Vincent Paul Family Homes
- **Geoffrey Seaborn**, Portland Place Non-Profit Housing
- **Jim Steele**, Windsor Essex
- **Louise Tullo**, Richview Baptist Foundation

AssetPlanner Working Group

- **Craig Adams**, Peterborough
- **Nancy Butts**, Wellington
- **Matthew Byl**, Thomas
- **Rebecca Carman**, Northumberland
- **Christian Carrier**, Nipissing
- **James Champigny**, Ottawa
- **Michelle Corley**, Kawartha Lakes
- **Fabian DSouza**, Houselink and Mainstay Community Housing
- **Tammy Essiambre**, Renfrew
- **Ian Fatkin**, York
- **Michelle Lafond**, Cochrane
- **Tiffany Lilliman**, Wallaceburg Kinsmen Court Non Profit
- **Rhonda McCauley**, Manitoulin-Sudbury
- **Joshua Myers**, Chatham-Kent
- **Jason Nelson**, Greater Sudbury
- **Marsha Peak**, Crown Heights Co-op Homes Inc.
- **Nicole Piquette**, Greater Sudbury
- **Kevin Radditz**, Renfrew
- **Doug Simser**, Ottawa
- **Kimberly Zarichney**, Greater Sudbury

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