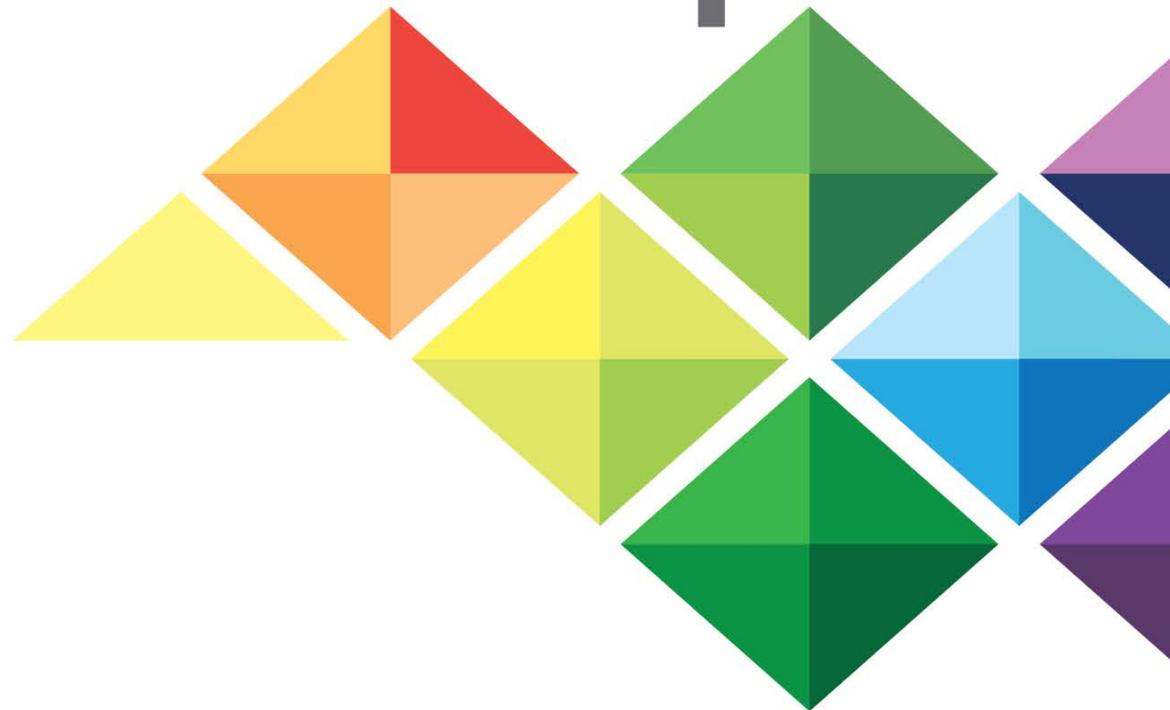




2017 Annual Report



A Letter from Our Chair and CEO

Looking back on 2017, it has been a year of continuing transitions – both for HSC and the sector as a whole.

On the sector front, we're seeing a growing number of operating agreements expire, and a continued focus on professionalism and entrepreneurialism in the management of housing. To respond to the changing needs of our clients, HSC launched new Asset Management Support Services to help housing providers and Service Managers transition their existing portfolios to meet future needs. We also hosted a number of SHARE events and webinars focused on assisting the sector in navigating the realities of aging portfolios and uncertain dollars.

Another trend we are seeing in the sector is the desire for stronger sector partnerships at a national level – with initiatives like the National Housing Collaborative, Housing Partnership Canada and Encasa. In this same vein, HSC has been working closely with various partners to move another pan-Canadian sector solution forward — the creation of a dedicated lending institution for housing providers. This exciting new initiative will help to finance the regeneration and development of social and affordable housing across Canada. It has been endorsed by various provincial and federal organizations and governments, and we hope to see its launch in the coming year.

With 2017 marking the final year of our 2015-2017 Strategic Plan, we've continued the rollout of our redesigned Energy Services, further reducing administrative fees for gas customers, offering more gas options and fine-tuning our conservation programs. We also reached out to the sector, soliciting feedback on our performance over the past few years. In September, the Ministry of Housing issued a survey about HSC for Service Managers and other sector organizations, as part of the Long-Term Affordable Housing Strategy update. HSC welcomed the survey and thanks everyone who responded in an effort to help us continue to improve our programs and services. Our outreach, along with the Ministry's survey results, will guide our planning for 2019 and beyond.

Our Board also experienced a transition this year with six new members joining us, as well as a new Board Chair. We would like to thank our Board for their hard work on behalf our clients, our sector and our organization. Under their leadership, HSC continues to navigate this ongoing time of transition by staying focused on improving the value and competitiveness of our core programs; ensuring our programs remain available for providers in smaller communities with limited service choices; and developing new services that respond to key sector needs. We are confident about the future of our sector and committed to staying nimble in order to make HSC the most effective sector organization it can be.



Howie Wong, Chief Executive Officer



William Bradica, Board Chair

HSC: Who We Are

HSC is committed to ensuring that Ontario residents have access to safe and affordable housing that improves their quality of life. We support this by focusing on the long-term health and sustainability of Ontario’s social housing asset.

HSC Corporate Structure

HSC has one wholly owned subsidiary, **HSC Insurance Inc.**

HSC Insurance Inc. is a RIBO-licensed broker that collects premiums from the prescribed social housing providers, acts as sub-broker for the mandated insurance program and earns a sub-brokerage fee. It also manages claims to the mandated insurance program’s Property Claims Trust Fund on behalf of HSC and acts as an administrator to provide tenant insurance for residents of social housing.

Related Organizations

Encasa Financial administers Ontario’s Social Housing Investment Program on behalf of HSC and is an Investment Fund Manager licensed by the Ontario Securities Commission. Encasa is a joint venture between HSC and the Co-operative Housing Federation of Canada, the Co-operative Housing Federation of British Columbia and the British Columbia Non-Profit Housing Association. HSC holds 40% of Encasa’s issued and outstanding shares.

CIH Canada is focused on developing educational programs for new and experienced housing professionals across Canada. It is a joint venture between the UK-based Chartered Institute of Housing and HSC, in which HSC holds a 49% interest in the organization. HSC supports the promotion of CIH Canada in Ontario, alongside strategic partners in British Columbia, Alberta and Manitoba.

HPC Housing Investment Corporation (HIC) is a new Canadian lending institution, dedicated to the affordable housing sector. Its mission is to deliver long-term competitive financing to housing non-profits and cooperatives to build more affordable housing and regenerate Canadian community housing portfolios. HSC is one of the partner organizations leading this initiative, along with Housing Partnership Canada, BC Housing and Manitoba Housing.

Mandated Objects:

1. To improve the operation and efficiency of housing providers
2. To improve the long-term sustainability and viability of the physical assets
3. To improve the quality of life of residents

Procurement Policy

HSC is committed to open, fair and transparent procurement processes. In keeping with provincial and municipal best practices, HSC’s procurement policies require that:

- Contracts valued between \$10,000 and \$24,999 utilize a competitive process that requires a minimum of three quotes
- Contracts valued at \$25,000 or more must use an open and formal request for proposals (RFP) process
- Open competitive procurements of \$25,000 or more are advertised by HSC [on its website](#) and on electronic tendering systems, such as MERX
- HSC employees managing procurements and contracts do not receive benefits of any kind, directly or indirectly, from any vendor. Vendors must not have any conflict of interest that may give them an unfair advantage in bidding on HSC contracts.

HSC’s Procurement and Contract Management Protocol Policies apply equally to HSC and all of its wholly-owned or controlled subsidiaries.

Survey on HSC Mandates

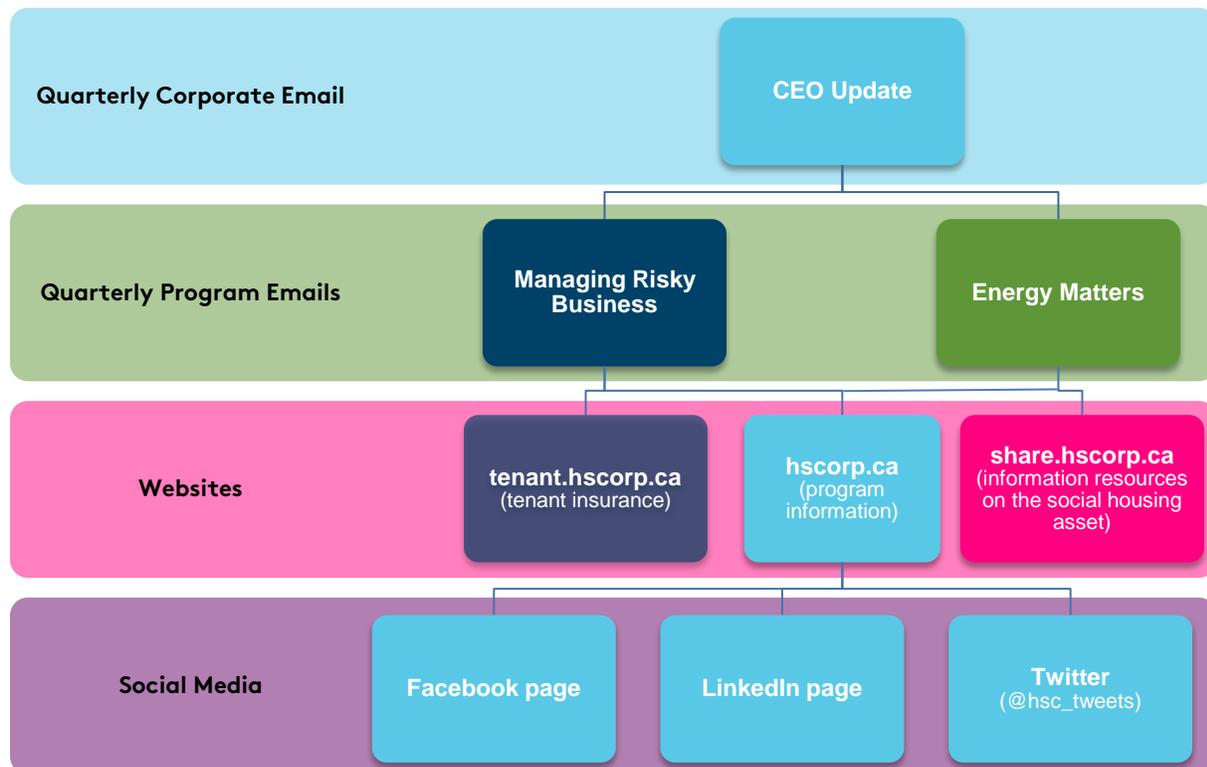
In September 2017, the Ministry of Housing issued a survey about HSC's mandates to Service Managers and key sector organizations. It focused on assessing the value of HSC's mandated services to Service Managers, local housing corporations and non-profit housing providers. The results are expected to feed into the update to the Long Term Affordable Housing Strategy.

HSC welcomed the survey. In recent years, we have focused on improving the value and competitiveness of our core programs; maintaining their accessibility to providers with fewer service choices; and developing new services that respond to key sector needs. The survey results will confirm whether we are on the right track. It will also play a critical role in our future direction and the services we offer.

We look forward to working with the Ministry on next steps relating to the survey, which will feed into our Strategic Plan for 2019 and beyond.

Reaching Clients and Stakeholders

HSC, its subsidiaries and related businesses employ a variety of methods and tools to inform clients and sector stakeholders about their activities on an ongoing basis. The table below summarizes the main communications systems and tools we use:



Related Business Outreach

Encasa Financial publishes quarterly email updates for participants in the capital reserves investment program and also hosts a website at www.encasa.ca.

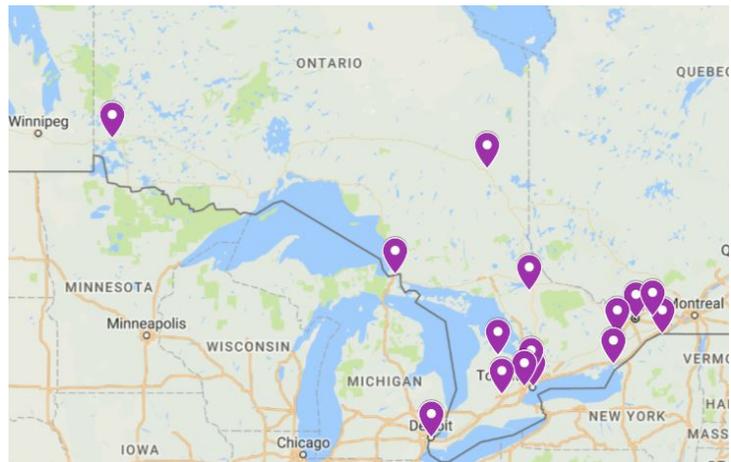
CIH Canada publishes quarterly email updates for opt-in subscribers, member updates, maintains Twitter, Facebook and Instagram accounts and hosts a website at www.cihcanada.ca

Events & In Person Outreach

With our Strategic Plan for 2015 to 2017 coming to an end, HSC began to re-engage the sector in conversations on the direction HSC should take next. Our overarching goal was to gain insight into how HSC can best support Ontario's social housing sector as the landscape of the sector changes with the expiry of operating agreements, emerging approaches to affordable housing taking hold, and technology and data playing an increasingly important role.

As part of this outreach, we met with housing providers and Service Managers in the following areas:

Cochrane | Cornwall | Grey County |
Kenora | Kingston | Lanark County |
London | Nipissing | Ottawa | Peel Region |
Prescott-Russell | Sault Ste. Marie |
Timiskaming | Toronto | Waterloo |
Windsor | York Region



We look forward to continued sector outreach in the year ahead.

We also continued our SHARE event and webinar series with three webinars and two events held in 2017. These events enable in-depth discussions on topics focused on the long-term sustainability of housing, featuring experts and practitioners from housing organizations across Ontario and Canada.

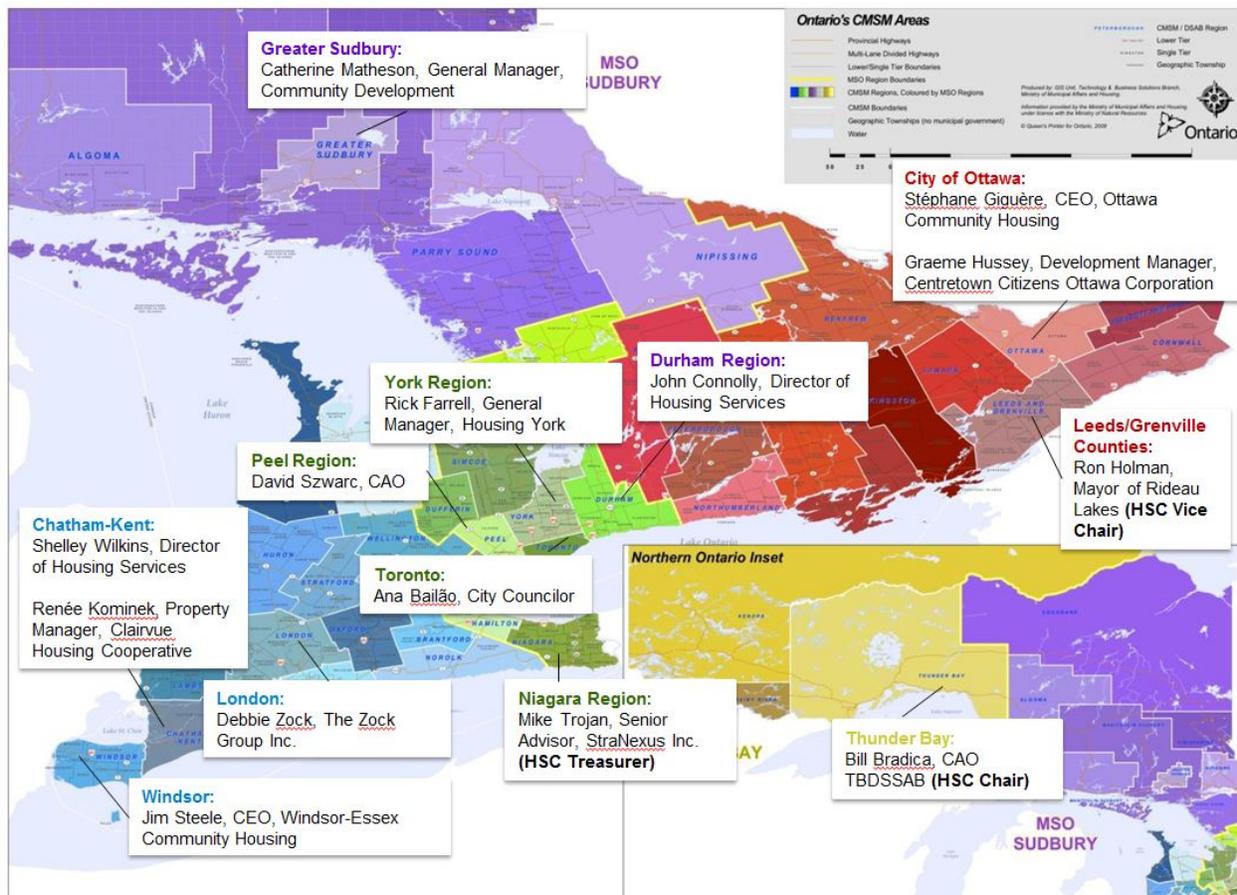
In addition to SHARE events and CEO outreach, HSC's program leads and executives perform extensive in-person outreach to the sector at scheduled and ad hoc meetings, as well as at sector events across the province.

Working with Ontario's Affordable Housing Community

To meet the needs of Ontario's social housing sector, HSC works closely with clients and stakeholders from across the Province in the design, development and evolution of its programs. We also work with like-minded organizations at the national and international level to share best practices and advance Ontario's housing sector.

HSC Board of Directors

HSC is governed by a board of directors that is made up of members of Ontario's housing community, including Service Managers, housing providers and provincial representatives.



HSC's Board saw several changes in 2017; we said goodbye to **Paul Hastie** (Homestarts, Peel Region), **Amanda Shaughnessy** (Co-Op Voisins, Ottawa), **Rob Cressman** (City of Toronto), **Carol Conrad** (Nipissing District Housing Corporation) and our Board Chair **Gary Scripnick** (Former City Councillor, City of Timmins). We thank Paul, Amanda, Rob, Carol and Gary for their commitment to our organization and their service.

We also welcomed several new members; In January 2017 new additions included **Councillor Ana Bailão** (City of Toronto), **Debbie Zock** (The Zock Group Inc., London), **Kathy Dimassi** (Halam Park Housing Cooperative, Hamilton — to May 24, 2017), **Rick Farrell** (York Region), **John Connolly** (Region of Durham). In June we added **Graeme Hussey** (Centretown Citizens Ottawa Corporation), and finally, **Renée Kominek** (Clairvue Housing Cooperative, Chatham) joined us in October.

William (Bill) Bradica (TBDSSAB) also became our new Board Chair. Bill is the Chief Administrative Officer of the District of Thunder Bay Social Services Administration Board. He has served on our board since 2015 and brings with him 15 years of experience in progressively senior positions at the DSSAB as well as a prior background in financial management and housing development in both the private and public sector.

We thank our valued board members for their hard work and support during 2017.

2017 HSC Insurance Board

2017 Members included:

- Carol Conrad (Chair) (to March 31, 2017)
- Jim Steele (Chair) (beginning April 1, 2017)
- Amanda Shaughnessy (to March 31, 2017)
- Howie Wong
- Brian Laur

HSC Sector-Based Resource and Advisory Groups in 2017

Service Manager Advisory Committee

- Stephen Giustizia, London
- Brian Marks, Cochrane
- Rick Farrell, York (to Mar 2017)
- Alison Tutak, Leeds-Grenville
- Glenn Courtney, Toronto
- Adam Sweedland, Hamilton (to Mar 2017)
- Debbie Mills, Nipissing
- Lisa Goodfellow, Ottawa
- Cindi Briscoe, Greater Sudbury
- Ken Ranta, Thunder Bay (joined Feb 2017)
- Debbie Cercone, Windsor (joined Feb 2017)
- Arfona Zwiers, County of Simcoe (joined May 2017)
- Sheldon Laidman, Kingston (joined Oct 2017)
- Aileen Baird, Peel (joined Oct 2017)

Local Housing Corporation Forum

- Jim Steele, Windsor-Essex
- Tom Hunter, Hamilton
- Carol Conrad, Nipissing (to February 2017)
- Deborah Filice, Haldimand-Norfolk
- Darlene Cook, Peterborough
- Patricia Tessier, Ottawa
- Hugh Lawson, Toronto
- Peggy Fulton, Cornwall & Area
- Mary Lynn Cousins-Brame, Kingston & Frontenac
- Josh Browne, London & Middlesex
- Mark Scarfone, Greater Sudbury

Asset Planner Working Group (Member Organizations by Region)

Algoma | Chatham-Kent | Cochrane | Elgin & St. Thomas | Greater Sudbury | Haldimand Norfolk | Kawartha Lakes | Kingston | Lanark | Lennox & Addington | Manitoulin Sudbury | Nipissing | Northumberland | Ottawa | Parry Sound | Peterborough | Rainy River | Renfrew | Timiskaming | York Region | Wellington | Windsor | Thresholds Homes and Supports | Victoria Park Community Homes

Energy Services Stakeholder Advisory Group

- Chris Shilton, CityHousing Hamilton
- Jim Kroesen, City of Toronto
- Andy Blomberg, Cochrane DSSAB
- Richard Munn, Greater Sudbury Housing
- Michelle Willson, Housing York
- Don White, Niagara Region Housing
- Dan Dicaire, Ottawa Community Housing
- Peter Robinson, Peterborough Housing
- Kelly Miller, Regional Municipality of York
- Jeff Barban, Sault Ste. Marie Housing
- Ken Ranta, Thunder Bay DSSAB
- Boyd Dyer, Toronto Community Housing
- Fred Zhang, Toronto Community Housing
- Hans Kogel, Windsor Essex Community Housing

Insurance Reference Group

- Dan Saumur, Greater Sudbury Housing
- Tina Gardiner, York Region
- Gael Gilbert, Supportive Housing of Waterloo
- Kevin Bradley, Ajax Municipal Housing
- Kelly Black, Timiskaming DSSAB

Our Partners

In 2017, HSC started convening regular meetings with ONPHA and OMSSA to engage in collaborative discussions about policy, events and better coordination within the sector.

HSC also works, both formally and informally, with a variety of stakeholders on improving sector knowledge and capacity, including:

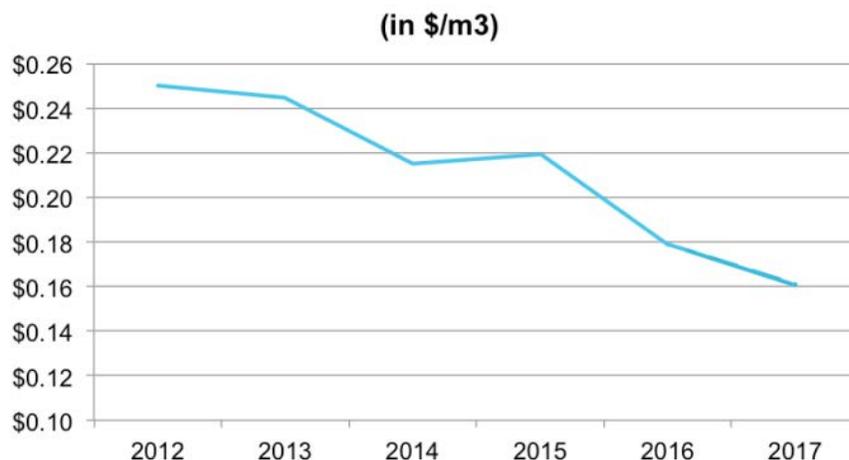
- Association of Municipalities of Ontario
- BC Non-Profit Association
- Chartered Institute of Housing Canada and CIH UK
- Co-operative Housing Federation of Canada
- Co-operative Housing Federation of Canada — Ontario Region Office
- Co-operative Housing Federation of BC
- Housing Partnership Canada
- International Housing Partnership
- National Housing Collaborative
- Northern Ontario Service Deliverers Association

2017 Key Achievements

Energy Services

Natural Gas Group Purchasing Program

Over the summer of 2017, our HSC Energy Services completed gas renewals for the 2018 year. We secured rates that were **12% lower than the previous year** – and continued to reduce our administration fee. These reductions, combined with market forces, have meant that HSC's gas program prices have steadily decreased over the past five years:



While our rates are now comparable to similar group-buying and municipal programs, we continue to distinguish our program with unique value-adds – such as sector advocacy to the Province and housing-specific supports for better energy management.

This year, we were pleased to offer our clients five purchasing options – more than ever before. The options offered more flexibility for organizations based on their risk tolerance and preference for short, intermediate or long-term price stability.

For 2017, we saw providers in our program shifting from shorter 1-year contracts to longer-term three and five year terms – with more than half of our clients choosing longer contracts.

Moving forward, we will continue to seek input from the sector, including the Energy Services Stakeholder Advisory Group, to explore more ways in which we can continue to improve the options we offer through HSC's gas program.

Energy Matters Newsletter

As part of its continuing redesign, HSC Energy Services launched a quarterly newsletter for its gas and Utility Management Program clients in January 2017. The goal of the **Energy Matters** newsletter is to inform providers' conservation efforts by sharing news that affects our sector – including market trends and policy developments, as well as success stories and case studies.

A total of five issues were released in 2017 in the months of January, April, July, October and December.

We have received positive input from the sector on the issues released this year, particularly those where we feature success stories from housing providers in the province. We look forward to sharing more case studies and provider features in our 2018 issues.

Community Champion Program

HSC's Community Champion Program educates residents and housing staff on the importance of conserving energy and water and inspiring action. In 2017, we conducted 27 workshops with over 440 participants across the province.

We also featured Community Champion success stories in Energy Matters, our quarterly Energy Services newsletter. For example, our first issue featured a case study on Housing York's Pineview Terrace, a senior's residence in Keswick. With the help of our Community Champion program, the building reduced electricity consumption by 12% and used a portion of the savings to construct community gardens for residents' use — a request the building's tenants had long advocated for.



Utility Management Program

The Utility Management Program (UMP) helps housing providers with multi-residential buildings control utility costs by enabling them to measure energy performance, identify projects and assess retrofits. The program includes 800 buildings from 255 providers across the province. In late 2017, HSC's Energy Services team started planning to enhance the program. The re-design would include a new interactive online platform to give users on-demand and user-friendly access to their data and improved energy tracking. The new platform is expected to launch by fall of 2018.

GreenON Social Housing

During the fall of 2017, HSC's Energy Services team submitted a proposal to the Green Ontario Fund requesting the use of provincial cap and trade funding to help our sector lower greenhouse gas emissions. Over the following months, HSC, along with the Green Ontario Fund, the Ministry of Housing and the Ministry of the Environment and Climate Change, began planning and negotiations on a program that would be administered by HSC.

We look forward to seeing the GreenON Social Housing program reach fruition in 2018.

Insurance and Risk Management

HSC's Insurance & Risk Management program offers guaranteed, affordable coverage, regardless of a provider's claims history. HSC also offers providers hands-on support and risk management resources to help control insurance costs and enhance the safety of their communities.

Every year, HSC spends several months in the spring and summer meeting face-to-face with UK and North American underwriters (insurers) to get the best possible coverage for our program participants at the most competitive rates. Some insurers are uncertain about social housing, so it's HSC's job to persuade them that the program design and our combined efforts at managing risk make it attractive for underwriting.

This intensive process has allowed HSC to keep the group premiums level since 2014. In 2017, HSC was also able to negotiate improved coverage. The additional living expense coverage – the coverage that pays for tenant accommodations and meals in the event of a disaster that requires them to leave their home – more than doubled from \$1M per claim to \$2.5M. We were able to accomplish this by demonstrating how providers and Service Managers work with HSC to manage risk — through educational sessions in risk management, claims reviews, contingency planning and controlling Directors' and Officers' liability, as well as through policies such as smoke-free buildings and mandatory tenant insurance.

Interesting Facts on HSC Group Program:

- **Over 218K units** insured by HSC, 600+ providers
- **\$36B in assets** insured (increases by 2% each year)
- **330 property claims resulting in \$21.7M payout** to providers since 2015
- **129 providers** benefit from HSC's guaranteed coverage despite their challenging claims history
- **Over 12K residents covered** by HSC's low-cost tenant insurance
- **\$1.57M paid out** in tenant insurance claims since 2015

Other accomplishments for 2017 included:

- Further streamlining the insurance renewals process to make it more user-friendly.
- Creating a new [Directors' & Officers' Risk Management workshop and training guide](#), available to assist provider staff, directors and officers in the risks associated with leading an organization, including strategies to mitigate these risks.
- Offered a [premium discount](#) to providers whose buildings are 100% equipped with Pioneering Technology's Safe-T-element or SmartBurner systems or comparable technology.

Tenant Insurance

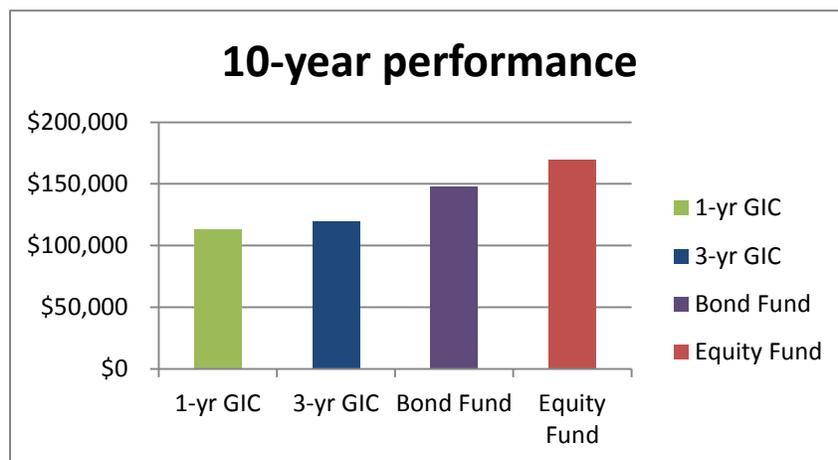
For both residents and providers, tenant insurance mitigates risk by supporting their financial stability when things go wrong. Since 2014, HSC's Tenant Insurance Program has paid out more than \$1.57M in tenant claims to providers for accidental damage incurred by residents and to residents themselves who have lost property in fires and floods. At the end of 2017, we had over 12,300 active clients.

Capital Reserves

Encasa Financial

The Social Housing Investment Program — administered by Encasa — enables housing providers to effectively invest capital reserves and operating dollars — such as last-month's rents and member deposits. Encasa offers professional investment advice by experts who know social housing, at low management fees.

As of December 31, 2017, approximately 890 housing providers invested \$546 million in our funds. The program has earned \$163M on provider contributions since its inception.



Asset Management & Renewal

Technical Services

HSC Technical Services assists housing providers to effectively manage, maintain and update their building assets. Our services include:

- Supporting portfolio and building data reliability through AssetPlanner software, Building Condition Assessments and other studies
- Working with providers to plan for major capital projects by identifying and prioritizing opportunities that meet funding criteria and providing credible estimates
- Full capital project management services from project tender to completion

In 2017, HSC Technical Services provided project management services for over 30 distinct projects across Ontario, including Toronto, Barrie, Sudbury, Timiskaming, Parry Sound, Hamilton, Niagara, Kirkland Lake, Kawartha Lakes and several communities in Nova Scotia. Collectively, these projects had a capital repairs budget of approximately \$20 million.

HSC also continued its partnership with City of Toronto in 2017 and helped 14 non-profit and co-op providers undertake energy efficiency retrofits under the Social Housing Apartment Retrofit Program (SHARP). In total, HSC project managed major retrofit and repairs for 18 buildings, valued at approximately \$14 million. To support this program, HSC is helping providers secure close to \$1 million in utility incentives. The retrofit work is estimated to reduce greenhouse gas emissions by approximately 1,800 tonnes per year.

"We have used HSC Technical Services on several projects including a high-rise roof replacement, balcony replacements and a solar-thermal hot water system. HSC has always been reasonably priced for the support and expertise they bring to the projects. We are extremely pleased with the quality of services provided by HSC staff."

— Kelly Black, District of Timiskaming Social Services Administration Board

SHARE

Launched in 2014, HSC's SHARE (Sustainable Housing Asset Resource Exchange) initiative focuses on key asset renewal issues facing the social and affordable housing sector and is a vehicle to share what is taking place in Ontario, Canada and internationally. Since launching this initiative, 1,200 housing sector staff from across the province have participated in SHARE webinars and events.

In 2017, HSC held a number of events that encouraged providers and Service Managers to think deeply about their asset management practices with sessions on:

- **Prioritizing Capital Improvement Planning and Projects in Social Housing** – This webinar, held in March 2017, had 81 participants. It was designed to help providers understand the task of capital prioritizing and shared practical tactics.
- **Expiry of Operating Agreements (EOA) Peer Exchange** – This event was held in Toronto in April 2017. Over 130 participants from across Ontario and Canada came together to share practices to address the issues and opportunities in planning for a post-expiry environment.
- **Driving Social Housing Innovations through Partnerships** – Co-hosted in partnership with The Northern Ontario Service Deliverers Association (NOSDA) in North Bay in June 2017, this event had over 100 participants. The discussions focused on how Northern Ontario can advance affordable housing development and assist people in social housing through partnerships.
- **Regulatory Requirements for Asset Management Planning** – This webinar held in July 2017 had a total of 152 participants. It provided information to assist municipal and housing administrators stay abreast of new provincial legislative requirements and to help them prepare for asset management planning.
- **Maximizing Capital Investment Opportunities** – This webinar held in November 2017 had 180 participants. It focused on helping housing staff navigate government funding programs including understanding processes and rules, completing projects under tight deadlines and juggling ongoing operations.

Asset Management Support Services

In the face of ending operating agreements, growing operating and capital deficits, and changing demographics, housing organizations are increasingly being asked to develop comprehensive strategies to plan for the future of their housing stock. To respond to this growing need, HSC launched new Asset Management Support Services in 2017, aimed at helping housing organizations develop meaningful and customized plans to help them transition their existing portfolios to meet future needs.

The continuum of services we offer can support organizations in:

- Facilitating engagement with local council, staff and boards to define goals, objectives and scope
- Collecting, verifying and analysing operating and capital data
- Developing a State of Housing Report
- Undertaking scenario building
- Developing a comprehensive asset management plan that factors in all variables, including corporate strategy, service levels required and desired state of housing

Having signed a number of contracts in 2017, we look forward to reporting on our work in this area next year.

Information Technology Services

InSite is a comprehensive property management solution for non-profit providers. It replaces multiple systems often used to manage daily housing operations with a single, easy-to-use tool.

In 2017, HSC continued to focus on implementation support for InSite clients. Recognizing that new software isn't just about technology, we worked in close partnership with new InSite users to map their existing processes and individual needs. This allows us to recommend process improvements and help users transition to the new system.

As of December 2017, there were more than 8,000 units being managed on HSC InSite. Clients included:

- Barrie Municipal Non Profit
- Durham Region Non Profit
- Gloucester Housing Corporation
- London-Middlesex Housing Corporation
- Keegano Housing Co-op
- Kingston Municipal Non Profit
- Nipissing District Housing Corporation
- PHARA North Bay
- St. Paul's L'Amoreaux Centre
- Summit Housing and Outreach Programs
- Co-op D'Habitation Desloges

HSC also continued to provide technology and user support in 2017 to Ontario housing organizations using Asset Planner and the Rent Arrears database. As of December 2017, we had over 61,000 active units using Asset Planner, and all 47 Service managers in the Rent Arrears database.



HOUSING SERVICES CORPORATION

30 Duncan Street, Ste. 500

1.866.268.4451

www.hscorp.ca

feedback@hscorp.ca

Follow us on Twitter [@hsc_tweets](https://twitter.com/hsc_tweets)

©2017 Housing Services Corporation