HSC

Housing Services Corporation

Annual Report 2012

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Letter from the CEO and Chair

Letter from the

In 2012 the Social Housing Services Corporation (SHSC) officially became the Housing Services Corporation (HSC) under the new *Housing Services Act.* SHSC's transformation into HSC was more than just a name change for our organization; it was a rebirth. The affordable housing sector in Ontario is not the same as it was 10 years ago when SHSC was founded, and neither is our organization. While 2011 was focused on laying the groundwork to evolve our core insurance and gas programs to better meet the needs of their participants, 2012 was about launching redesigned programs and creating new ways to listen to and engage with the sector on an ongoing basis.

We faced two unprecedented challenges in 2011 and 2012. The Gas Program required a transfer from reserves of $3.5 million to cover the impacts of reduced sales volumes resulting from a very warm winter and the repurchase of gas under long term hedging contracts. The Insurance Program required a transfer from reserves of $1.5 million to mitigate the increase in providers' insurance costs resulting from significant claims losses. The upside is that this validated our policy of establishing significant reserves to protect against "rainy days". The challenge is to rebuild our reserves to protect against any future challenges. This is being addressed with a renewed commitment to our core mandates, redesigning our core programs and restructuring the organization to be effective and cost-efficient.

An important component of this process was to engage the sector in discussions on what they need from our programs and to establish mechanisms to create an ongoing dialogue. One of the ways that we sought to do this was through the sector-based committees we lead or host. In 2012 we revitalized our Insurance Advisory Committee and created a new HSC Gas Program Customer Advisory Committee to ensure that the programs are meeting participant needs on an ongoing basis. To build on our evolving relationship with Service Managers, we established a new Service Manager Advisory Committee to offer advice and insight on where HSC can best support the sector. We also continued our work with our provider/property manager-based Social Housing Resource Committee and continued as the host and convener of the Independent Local Housing Corporation group. We also reached out to new groups, embarking on an outreach campaign to municipal and regional stakeholders (CAOs, Urban Commissioners, municipal and regional finance staff) with whom our interactions had previously been limited.

CEO and Chair

But the discussions HSC hosted and facilitated didn't stop at the program or operational level. As an organization, we've always made it a business priority to bring the sector together on bigger issues and opportunities at hand, to spark new ideas and to broker new connections. To overcome the challenging day-to-day realities and tackle system-wide issues, it is essential for us to come together to discuss bold new approaches and to look at other models of affordable housing within and beyond our borders. In 2012, HSC responded to growing interest in community regeneration and revitalization by holding a two-day forum. Featuring international speakers, on-the-ground experts and real-life examples, the *HSC Regeneration Forum: Revitalizing People, Places, and Communities* enabled Service Managers, housing providers, property managers and policy professionals to think and connect in very tangible ways about how we will build the future of affordable housing in Ontario.

2012 also marked our 10 year anniversary. Though it was a busy and challenging year, it was important to us to celebrate the occasion with some of those who contributed to our longevity. Our goal was to thank our clients for their contributions to Ontario's communities. We did this with our *Big Ten Tuneup*, a series of community revitalization projects that ranged from creating new community spaces to coordinating cooking classes for residents. The projects were extremely well-received by participants and gave HSC staff an opportunity to connect personally with Service Manager and housing staff from Windsor to Timmins -- a fitting way to celebrate our province-wide organization and shared accomplishments. It was a reminder that, as the saying goes, we're all in this together.

Lindsey Reed, Chief Executive Officer

Roger Maloney, Board Chair

About Us

The Housing Services Corporation (HSC) is a non-profit organization that delivers province-wide programs, products, and services to assist in the operation and long-term sustainability of Ontario's affordable housing sector. We are committed to helping housing providers and Service Managers develop safe, affordable, people-centred homes and communities by:

1. Supporting the long-term sustainability and strength of Ontario's affordable housing sector
2. Managing and administering group programs for the housing sector on behalf of the Province of Ontario
3. Improving the quality of life for affordable housing residents to build stronger communities
4. Helping housing providers and frontline staff manage and maintain their buildings

HSC was originally created in 2002 as the Social Housing Services Corporation (SHSC) under the *Social Housing Reform Act*, which transferred social housing to municipal governments. In 2012, SHSC became HSC under the *Housing Services Act.*

To ensure that HSC's programs address the needs of Ontario's housing sector, HSC is governed by a board of directors that is made up of representatives from the housing provider and Service Manager organizations that utilize its services. In addition, HSC's numerous advisory committees play an active role in the development of its programs and services.

HSC Corporate Structure

Housing Services Corporation has three wholly owned subsidiaries:

- **SHSC Financial Inc (SHSCFI)**: An Ontario Securities Commission registered Investment Fund Manager. SHSCFI manages the capital reserve investment program for participating housing providers as mandated by the Province of Ontario's *Social Housing Reform Act* (2000) and the subsequent *Housing Services Act* (2011)
- **SoHo Insurance Inc.**: A RIBO-licensed broker that gathers data, issues invoices and collects premiums on behalf of the HSC Group Insurance Program and also acts as the broker for tenant insurance and other insurance programs for the social housing sector
- **Green Light on a Better Environment (GLOBE) Inc**: A company that develops and administers money-saving energy management programs for the affordable housing sector that also benefit the environment and resident well-being

Each subsidiary is currently incorporated as a for-profit entity under the *Business Corporations Act of Ontario* (OBCA) and has its own board of directors that manages under their own respective regulations and by-laws.

SoHo INSURANCE INC. AN HSC AFFILIATE

SHSC FINANCIAL INC.

GLOBE

HSC Board

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. We thank our valued board members for their hard work and support during 2012.

In 2012, the Board said goodbye to Larry O'Connor, Michael Harding, Joyce Timpson and Len Koroneos. HSC welcomed Bill Thake, David Szwarc, Gary Scripnick and Michelle Wong.

Roger Maloney
Chair, HSC

Colin Gage
Vice Chair, HSC, Executive Director, Victoria Park Community Homes

William (Bill) Thake
Mayor, Village of Westport

Diane Deans
Councillor, City of Ottawa

David Szwarc
Chief Administrative Officer, Region of Peel

Paul Hastie
Managing Director, Homestarts

Merv Hughes
Manager, Social Housing, Health & Social Services, Norfolk & Haldimand Counties

Michelle Wong
General Counsel and Corporate Secretary, Toronto Community Housing

Amanda Shaughnessy
Coordinator, Coop Voisins

Gary Scripnick
Councillor, City of Timmins

Michael Trojan
Chief Administrative Officer, Regional Municipality of Niagara

Adelina Urbanski
Commissioner of Community and Health Services, Regional Municipality of York

Dick Verrips
Retired Commissioner, Social Services, County of Bruce

Trevor Lester
Manager, Non-Profit Properties, Bayshore Property Management Inc.

Giorgio Mammoliti
Councillor, City of Toronto

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

SoHo Insurance Board

Don McCausland, Former Mayor/Councillor, Grey County
Trevor Lester, Bayshore Property Management
Ron Roidi, Principal Broker
Lindsey Reed, HSC CEO

SHSC Financial Board

Nicholas Gazzard, Cooperative Housing Federation of Canada
Keith Ward, Commissioner of Human Services, Peel Region (ret.)
Lois Fine, YWCA, Toronto
Dino Chiesa, Wyse Meter Solutions
Nancy Collyer, Lewis & Collyer
Trevor Lester, Bayshore Property Management
Stewart Pearson, Strategic Mortgage Capital
Jim Steele, Windsor-Essex Community Housing
Lindsey Reed, HSC CEO

GLOBE Board

Colin Gage, Victoria Park Community Homes
Barbara Fawcett, Haliburton Community Housing
Bob Macdonald, Toronto Community Housing
Sylvia Patterson, Housing York
Mark Salerno, Canada Housing & Mortgage Corporation
Milan Bolkovic, Powerstream
Dick Verrips, Commissioner of Social Services, Bruce (ret.)

Community Champions Network

Residents and housing staff in 80 communities across Ontario

Board Advisory Committees

Service Manager Advisory Committee

Deb Daigle, Cornwall
Bob McKnight, Hamilton
Shelley Wilkins, Chatham-Kent
Sylvia Patterson, York
Denis Desmeules, Greater Sudbury
Leo Deloyde, Nipissing
Brian Marks, Cochrane
Stephen Arbuckle, Ottawa

Insurance Advisory Committee

Carol Conrad, Nipissing District Housing
David McCarron, Ottawa Community Housing
Gerry Moss, Port Elgin Rotary NP Housing
Gord Montgomery, Montgomery Property Management
Helen Trajanos, Toronto Community Housing
John McDonald, Peel Region
Linda Stephenson, Co-operative Housing Federation of Canada

HSC-Led Sector-Based Groups

Social Housing Resource Committee

Steve McGuire, Property Manager, Sault Ste. Marie
Jim Steele, Windsor-Essex Community Housing
Darlene Cook, Peterborough Housing
Bob Aykler, Property Manager, Toronto
Anne Babcock, Woodgreen Community Centre, Toronto
Betty-Ann Baker, Niagara Peninsula Homes
Carol Barber, Cochrane DSSAB
Shari Guinta, Property Manager, Waterloo
Catherine Jolliffe, Northtown Co-Op, Welland
Aaron Lynes, Victoria Park Community Homes, Hamilton
Karen Maki, Property Manager, Sudbury & North Bay
Barb Moss, Property Manager, London
Janet Rose-Jump, Property Manager, Waterloo
Lori Simpson, Property Manager, Ottawa
Ray Sullivan, Centretown Citizens, Ottawa
Frances Sanderson, Nishnawbe Homes, Toronto
Katy Crick, Ashwood Co-Op, Sudbury
Kim Weiman, Community Housing Management Network, Toronto

Independent Local Housing Corporation Group

Susan Rath-Wilson, Ottawa
Jim Steele, Windsor-Essex
Michelle Haney-Kileeg, Toronto
Peggy Fulton, Cornwall
Mary Lynn Cousins Brame, Kingston
Brenda Osbourne, Hamilton
Carol Conrad, Nipissing
Christine Brutin, Haldimand-Norfolk
Darlene Cook, Peterborough
Susan McCormick, Elgin & St. Thomas
Steve Matthew, London & Middlesex
M. Mwarigha, Peel

HSC Gas Program Customer Advisory Committee

Ven Giannantonio, Ottawa
Sean Botham, Hamilton
Janice Campbell, Windsor-Essex
Jeff Barban, Sault Ste. Marie
Steve Broadhurst, Manitoulin-Sudbury
Christine MacDonald, Bruce
Darlene Cook, Peterborough
Colin Gage, Victoria Park Community Homes
M. Mwarigha, Peel
Paul Roszell, London & Middlesex
Philip Jeung, Toronto
Keri Greaves, Thunder Bay
Carol Conrad, Nipissing

Strategic Partnerships

Partnerships to Build Service Manager Strength & Expertise in Housing

- Ontario Municipal Social Services Association
- Association of Municipalities of Ontario
- Ontario Municipal Benchmarking Indicators Expert Panel
- Northern Ontario Service Deliverers Association

Partnerships to Build Housing Sector Knowledge & Capacity

- Asset Management Centre
- CPNet @ Western Housing Internship & Scholar Program
- School for Social Entrepreneurs - Ontario
- Chartered Institute of Housing (CIH) Canada
  - Chartered Institute of Housing UK
  - Co-operative Housing Federation of Canada
  - Ontario Non-Profit Housing Association
  - Institute of Housing Management
- International Housing Partnership
- Canadian Housing Partnership


Regeneration
Forum
Lunch Generously Sponsored by CMHC
CMHC SCHL
Housing
Services
Corporation
Regeneration
Forum
AON

1 Supporting the long-term sustainability and strength of Ontario's affordable housing sector.

HSC contributes to the sustainability and health of the affordable housing sector by tapping into expertise, experiences and approaches from across Canada and internationally. We work and consult with social housing residents, community agencies, housing providers, property managers, municipalities, academic researchers, advocacy and professional associations, provincial agencies and the Ontario government to gain insight into the important issues affecting the sector and to provide recommendations and meaningful solutions.

Notable Research Activities

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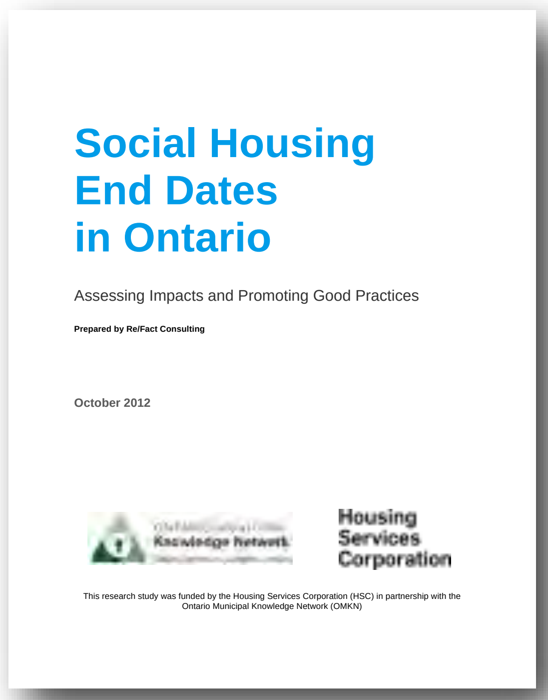
Sector Strengthening Research

Social Housing End Dates in Ontario: Assessing Impacts and Promoting Good Policies

The termination of federal operating subsidies is perhaps the most pressing issue in Canada's social housing sector today. The subsidies were put into place when much of Canada's social housing was developed to help offset the costs of running buildings for low-income households. But these subsidies were linked to mortgages and they have started to terminate as housing provider mortgages come to completion. By 2019, Canadian providers operating more than 600,000 units of social housing will have lost $1 billion annually in subsidies. For many social housing providers and Service Managers, the timing could not be worse as the capital costs for maintaining these developments are rising dramatically as they age. In Ontario, providers under the *Housing Services Act* are also affected as their mortgages expire. Though there are no specific end dates in the Act for them, no future funding formula has been determined.

Since 2006, HSC has been developing its in-house expertise on the impact of the end of operating agreements (EOA) through its research activities at a national, provincial and local level. To spur practical solutions and share best practices on addressing this mounting issue, HSC has published several evidence-based research studies in recent years -- including *Financing Capital Improvements and the Renovation of Social Housing in Canada* (2010) and *Courage Under Fire: Addressing the Challenges and Opportunities of a Post-Operating Agreement World in Social Housing* (2011). In 2012, HSC followed up with *Social Housing End Dates in Ontario: Assessing Impacts and Promoting Good Policies*, published jointly with the Association of Municipalities of Ontario and the Ontario Municipal Knowledge Network. Utilizing data from over 3,400 projects, the paper focuses specifically on impacts, practices and recommendations for Ontario's 47 Service Managers. It also offers a framework to help Service Managers identify and address the impacts of expiring operating agreements on a go-forward basis.


Social Housing End Dates in Ontario

Assessing Impacts and Promoting Good Practices

Prepared by Re/Fact Consulting

October 2012

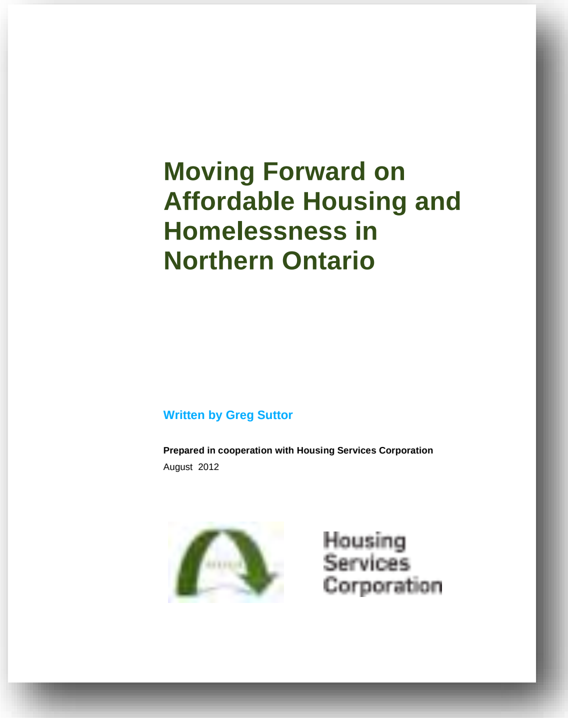
Housing Services Corporation

This research study was funded by the Housing Services Corporation (HSC) in partnership with the Ontario Municipal Knowledge Network (OMKN)

Moving Forward on Affordable Housing and Homelessness in Northern Ontario

Recent changes in Northern Ontario's economy, labour market and demographics have profoundly affected housing needs in the region. In some communities, the mining boom has created jobs and growth but has tightened the housing market. In others where forestry and pulp and paper form the economic base, jobs have declined. Overall, a rising share of the population is both aboriginal and young but in some areas, populations have rapidly aged and declined. The end result is that housing needs have dramatically changed in recent years and vary widely across communities in Ontario's North.

To examine and address the complex set of issues associated with housing and homelessness in the region, HSC partnered with the Northern Ontario Service Deliverers Association (NOSDA) to produce *Moving Forward on Affordable Housing and Homelessness in Northern Ontario.* This comprehensive research study examines the context and current state of housing and homelessness in northern communities. It offers recommendations and best practices for District Social Service Administration Boards to address affordable housing and homelessness in a more strategic way.



Moving Forward on Affordable Housing and Homelessness in Northern Ontario

Written by Greg Suttor

Prepared in cooperation with Housing Services Corporation

August 2012

Housing Services Corporation

This report provides an excellent foundation as we move to the next generation of integrated housing policy and programs…Nipissing will use NOSDA's Moving Forward on Affordable Housing and Homelessness in Northern Ontario report as a foundation in the development of our upcoming 10 year integrated housing program.

Leo Deloyde, CAO, Nipissing District Social Services Administration Board and CAO Social Housing Lead for the Northern Ontario Service Deliverers Association

Resident-Focused Research

Under the *Housing Services Act*, one of HSC's objects is "to improve the quality of life of residents in housing for moderate and low-income households." In 2012, HSC undertook and supported several research projects to assist in delivering better outcomes for residents.

Special Priority Policy Impact Study, Phase 1, Step 2 – October 2012

Ontario's Special Priority Policy (SPP) became a legal requirement for social housing providers in 2000, giving victims of domestic abuse priority access to social housing. The goal of the SPP Impact Study is to better understand the implications of this policy by formally examining how this has affected housing trends via an in-depth multi-phase, multi-step research study.

In 2012, Phase 1, Step 2 of the Special Priority Policy (SPP) Impact Study was released. Building on the findings from Step 1, this study examines the success rates of social housing applicants housed under the SPP policy in seven Ontario service areas. Though this report does not offer specific recommendations, its data suggests that individuals placed in housing under SPP do not experience lower rates of success than local priority and chronological placements – rates of success being defined as living in or leaving social housing in good standing. In fact, local priority placements who have left social housing may be less likely to do so successfully than SPP or chronological placements.

The study is being produced by a task force that includes the City of Toronto, the City of Ottawa, the Regional Municipality of Peel, the Regional Municipality of Halton, the Ontario Non-Profit Housing Association, the Co-operative Housing Federation – Ontario Region, the Centre for Research on Inner City Health, the Ontario Municipal Social Services Association and HSC.

The SPP Task Force is to be congratulated for a job well done and for highlighting the importance of developing a provincially consistent database to sustain this work going forward. This phased research study addresses one of Ontario's most important issues in the delivery of housing today and we look forward to collaborating on the next chapter."

Joan Kaczmarski, Director,
Service System Management Division
Human Services Department –
Region of Peel

Residential Satisfaction Survey Pilot – Phase 2

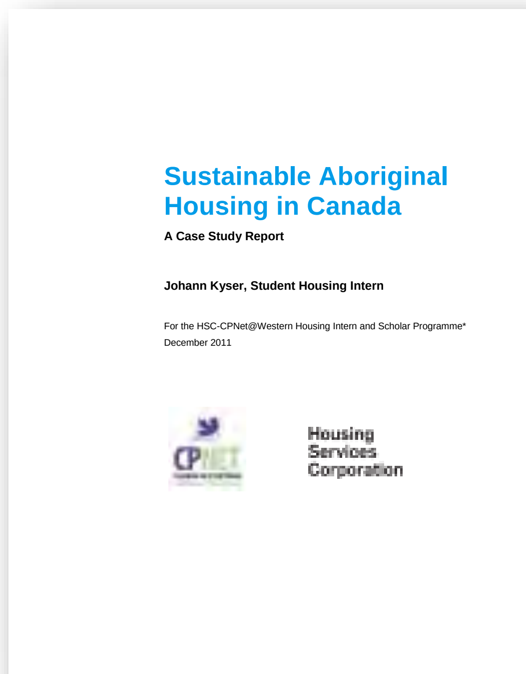
HSC took another step towards developing a common survey for social housing residents across Ontario by running a pilot in 2012 at five sites across Ontario. Having a common survey system will help Service Managers and housing providers address issues and get better results for residents. This project is being undertaken with input from a stakeholder working group, and with the assistance of *Housemark*, a British social housing organization with years of experience in resident surveys. The final report and recommendations will be published in early 2013.

Regent Park Health Study

The redevelopment of Regent Park is currently one of the largest, most ambitious urban regeneration projects in Canada. Over the next 15 years, Toronto Community Housing Corporation will demolish and re-build the entire community in six phases. How is this change affecting residents who live in the area both before and after? To answer this question, HSC working with McMaster University and St Michael's Hospital to explore how revitalization affects health and well being of residents. In 2012, the Phase 1 results of the Regent Park Health Study were launched at the HSC Regeneration Forum – Revitalizing People, Places, and Communities. The results from the first group of residents one year after they moved into the new development show a significant improvement in neighbourhood satisfaction, housing satisfaction, psychological sense of community and sense of personal safety and a reduction in fear of crime.

Sustainable Aboriginal Housing in Canada

This paper examines the use of green building methods and clean technologies in three housing pilot projects in Aboriginal communities in Canada. These methods and technologies, combined with cultural considerations in the design of the buildings, offer the potential to address issues of occupant health and safety and building durability as well as a means of reducing operating, maintenance and replacing costs. This paper was produced by HSC in partnership with CPNet at the University of Western Ontario, as part of its joint Housing Internship and Scholar Program.



Sustainable Aboriginal Housing in Canada

A Case Study Report

Johann Kyser, Student Housing Intern

For the HSC-CPNet@Western Housing Intern and Scholar Programme*
December 2011

Housing Services Corporation

HSC Regeneration Forum: Revitalizing People, Places, and Communities

Ontario's affordable housing sector is at a crossroads, facing the triple challenge of what to do with its aging stock, how to meet increasing demand and how to finance its future. To help respond to these challenges, in May 2012, HSC hosted the HSC Regeneration Forum: Revitalizing People, Places and Communities. The first event of its kind ever in Canada, it was prompted by growing interest in community regeneration and revitalization among Service Managers. Response to the event was overwhelming. The sold-out forum welcomed more than 250 attendees from 41 Service Manager areas; and in addition to housing practitioners, it attracted planners, finance staff, developers, architects, community workers and non-profit board members.

Featuring four learning streams – in Community, Capacity, Financing and the Physical Asset – and speakers from across Canada, the United States and the United Kingdom, the Forum explored the 'how tos' of regeneration projects. Discussions were wide-ranging, however, several key themes emerged. These themes then became the basis for a closing panel discussion featuring Agency for Cooperative Housing CEO Alexandra Wilson, Windsor Essex Community Housing Corporation CEO Jim Steele, Calgary Housing Corporation General Manager Rick Farrell, President of Boston-based Preservation Housing Management Lee John Felgar, President of Montreal's Groupe Habitat Conseil James McGregor and Group CEO of the UK's Places for People David Cowans. Here are some of the key insights from the closing panel discussion:

"Many ideas from many jurisdictions"

"Excellent speakers, well organized, very timely topic. It was a breath of fresh air and inspirational"

"Very inspiring and informative. Lots of ideas to take back to our team. Great information to assist us with planning."

"Excellent discussions!"

"Great networking, speakers. Inspiring and thought-provoking."

"I enjoyed the quality and diversity of presentations - from Ontario, other parts of Canada and abroad."

- **Run affordable housing like a business:** The future of affordable housing will rely increasingly on capital markets and the free enterprise system and not on government funding. For housing providers to succeed in meeting their social goals, they will need to operate as self-sustaining businesses while measuring their social return.
- **Attracting, Retaining and Developing Talent:** With baby boomers retiring and fewer people to fill their spots, the war for talent across labour markets is fierce and won't let up for years. For the affordable housing sector to succeed, succession planning is critical. Introducing accreditation programs to Canada, such as CIH Canada, could play an important role in attracting new talent and making a career in housing a more attractive, more visible option.
- **Making the case for affordable housing to the public:** Affordable housing organizations need to persuade the public of the value of housing and community regeneration by spelling out why it is important to them and benefits them. Broad public support for housing projects is also important because governments are financially investing less and less. Housing organizations have to ask themselves how are they are going to be relevant to the broader society, to neighbourhoods, towns and cities as a whole?
- **Size and scale matters:** To regenerate social housing on a significant scale, financial and organizational muscle is needed. Small housing providers need to consider amalgamation and mergers – to make themselves less vulnerable financially, to achieve better economies of scale and to access the capital markets. Providers don't need to amalgamate everything and lose their local, personal identity, just the things that make sense.
- **Common data:** Canadian housing organizations need to do a better job in tracking, exchanging and developing their data on local, provincial and Canada-wide levels. Since they are all essentially providing housing, they need to learn to speak the same language.

A video recording of the closing panel discussion is available on our website at www.hscorp.ca

2 Managing group programs for the housing sector on behalf of the Province of Ontario.

Under the *Social Housing Reform Act* and the *Housing Services Act*, HSC is mandated to design, manage and deliver a number of group programs to benefit Ontario's social housing sector. The goals of these programs are:

- To deliver economies of scale that financially benefit taxpayers by procuring services for the housing sector as a single group. The collective buying power of the group enables HSC to negotiate service offerings tailored to the needs of the sector, gives housing providers of varying size and scale equitable access to key services and reduces duplicate administrative, legal and auditing costs
- To deliver vital services that offer affordability and equitability for housing providers of varying size and financial means across the province
- To meet the distinct needs of our group by tailoring program offerings so they address the realities of social housing, engaging program participants in identifying their common business needs and determining their priorities for a given product/service

While the group approach was initially focused on supporting the sector through HSC's mandated programs, it has since been leveraged to improve the affordability of other value-added services. Most recently, it was utilized by HSC to procure asset planning software at a considerably reduced rate. The software enables providers and Service Managers to forecast and their long-term capital funding requirements, prioritize projects and support better asset management across their housing portfolios. In 2012, the rate for software licenses that HSC obtained, combined with provincial funding under the *Municipal Infrastructure Initiative*, provided 37 small and rural Service Managers the opportunity to obtain the software at minimal cost while making a significant investment in their asset management capacity.

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
- Services contracts valued at $25,000 or more and service and construction contracts valued at $100,000 or more must use open and formal request for proposals (RFP) process.
- Open competitive procurements of $25,000 or more are advertised by HSC on its website
- HSC utilizes electronic tendering systems, such as MERX, to advertise any open competitive procurements of goods valued at $25,000 or more and services valued at $100,000 or more
- 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.

Insurance

In 2012, HSC worked with the sector to redesign its Group Insurance Program. We spent the early part of the year sitting down with our clients and listening to their experience of the program and insights into how to improve it. Consultations were held throughout Ontario with housing providers, local housing corporations, property managers, Service Manager staff and municipal risk managers. In these sessions our clients told us they needed a more flexible program, options for competitive pricing, clearer, more relevant communications, and responsive customer service.

The 2012/2013 insurance program redesign responded to these concerns with the following improvements:

- Two streams to meet distinct needs of different sized providers
- Redesigned program enables a greater number of insurers to bid on the program and help obtain the lowest premiums for providers
- Claims Fund for each stream to cover expected claims, enabling insurer to focus on unexpected claims and to better control premiums. Having Claims Funds also enable HSC to better track incidents, identify trends and deliver more targeted risk management advice and supports
- An increased role for the provider-based Insurance Advisory Committee
- Access to alternate brokers that meet coverage standards at lower cost
- Direct and face-to-face support for program participants and a revamped quarterly communication that reports on claims to the program and provides practical, relevant risk management advice
- Liability and loss prevention training and support on risk and claims management

In 2012, HSC also continued to administer the program for the 2011/12 policy term -- responding to 168 property and 118 liability claims with a total claims fund payout by the insurer of $9.7 million. This payout fully depleted the 2011/12 Claims Fund, including the $1.5 million contribution by HSC in 2011 to supplement provider contributions and to meet insurer requirements relating to the total size of the fund.

Because the kinds of losses that give rise to insurance claims also impact tenants – events like fires, floods and crimes – in 2012 HSC's subsidiary, SoHo Insurance Inc., continued to aggressively market its tenant insurance program. Specifically designed for social housing residents, the program assists them by covering the costs of temporary accommodation and additional living expenses, paying the value of possessions that are destroyed and protecting residents who are found legally liable for injuries and property damage. It also protects landlords by covering additional living expenses and enabling them to better control their building insurance costs. The marketing efforts resulted in increased uptake of the program, with 2,724 new clients for a total of 6,095 clients at the end of 2012.

The tenant insurance program has also attracted the attention of other Canadian jurisdictions. In 2013 the SoHo tenant insurance program will expand to Alberta through a partnership with the Calgary Housing Company.

Natural Gas

2012 was a challenging year for the HSC Gas Program. A warm 2011/12 winter meant that the gas volumes customers anticipated they would need and were purchased on behalf of the group in advance were not utilized. This gas then needed to be sold back to the marketplace at a loss to the program. Two elements of the original program design proved useful in shielding participants from the financial impact of the variance: the program reserve and the assumption of purchasing risk by HSC. However, it had a significant effect on HSC's financial position. The program's reserve was depleted and will need to be replenished in the years to come. And the reduction in projected program revenues resulted in a significant operating deficit for HSC.

On a more positive note, HSC took the year to take important steps in evolving its Natural Gas Bulk Purchasing program into an Energy Services program. We launched a series of new program enhancements and options for our clients, which provide them with tools to reduce energy consumption and costs by:

- Providing a state of the art energy dashboard that enables participating organizations to measure and analyze their natural gas consumption and benchmark it against comparable buildings
- Engaging and educating residents and building staff on how they can conserve energy through GLOBE's award-winning Community Champion Program
- Delivering greater flexibility to control gas costs with new purchasing options and special rates for new building connections
- Creating a Gas Program Customer Advisory Committee to enable participants to exchange best practices, identify energy saving opportunities and inform program decision-making

In addition, HSC worked towards improving the competitiveness of its program by laying the foundation for several backend changes for 2013 – including shortening purchasing hedges, increasing the number of gas suppliers and preparing a request for proposals for a new gas program advisor. In rolling out our new program, HSC undertook a series of one-on-one meetings across the province with its clients. The program enhancements were well-received, resulting in over 30 new building connections.

I'd also like to extend MY thanks to the HSC team for their time and expertise during our recent Natural Gas Review meeting – it was informative and helpful to our understanding of the program changes and opportunities.

- Janice Campbell, Business Manager, Windsor Essex Community Housing Corporation

Social Housing Investment Program

The Social Housing Investment Program, administered by HSC subsidiary SHSC Financial Inc., offers housing providers a range of investment vehicles to maximize their capital reserves and operating dollars. In 2012, program results were positive and reflective of effective administration and investment management:

- The Social Housing Investment Program had a total of 851 participants with assets under management totaling more than $432 million
- 2012 marks the fourth consecutive year that assets under management in the Funds have increased – growing by $64.8 million since 2008
- The Canadian Short-Term Bond Fund outperformed 55% of comparable funds
- The Canadian Bond Fund ranked at the 70th percentile compared to all other similar Canadian bond funds and ranks above the median against other Socially Responsible Invvestment funds

The fact that the resources you are providing are so readily accessible and you are available for questions, problem solving and strategizing is both reassuring and energizing!

- Lisa Ker, Executive Director/Directrice générale, Ottawa Salus d'Ottawa

However, HSC research in 2012 on provider contributions and withdrawals to the investment program revealed a very different story on the state of housing provider capital reserves. Findings suggest that years of under-funding, the escalating costs of maintaining aging stock and the end of operating agreements will lead to a decline in reserves in the years to come, posing significant challenges in meeting future capital needs. Trends already indicate that:

- Spending from capital reserves has been increasing year over year since the download (excluding in 2010 during the Social Housing Renovation and Retrofit Program) and is now in the range of $40 million annually
- Annual amounts invested by providers in the Social Housing Investment Program are decreasing on a steep slope
- It is estimated that almost 21% of prescribed providers in the program do not have sufficient cash to fund replacement reserves and are likely using their replacement serve to address operational deficits

An earlier HSC research paper, *Closing the Gap: Finding Ways to Overcome Capital Shortfalls in Ontario's Social Housing Portfolio* (2009), estimates the 2012 capital reserve shortfall for all Ontario providers to be $1.2 billion. By 2017, 80% of providers anticipate shortfalls projected to reach $9,634 per unit. Following through on this paper's recommendations, HSC has supported the improvement of asset management practices – through the development and delivery of asset management training, its provision of Technical Services and by offering asset planning software at a reduced group rate. In addition in 2013, HSC will be offering end-of-operating agreement (EOA) services to Service Managers that will encompass financial analysis on reserves. Furthermore in the year ahead, HSC will work with the Northern Ontario Service Deliverers Association in exploring alternate financing options for affordable housing development and redevelopment. However, much more needs to be done at all levels of government to address this pressing issue.


PUMA


EXIT

3 Improving the quality of life for affordable housing residents to build stronger communities.

In November 2011, the Province released *Building Foundations: Building Futures - Ontario's Long Term Affordable Housing Strategy*. The strategy calls for a "'people first' approach that focuses on positive results for individuals and families" and formally staked out a new role for HSC. Beginning in January 2012, the Social Housing Services Corporation would became the Housing Services Corporation and "offer additional optional services and supports that will help tenants and housing providers."

In 2012, HSC built on its existing resident-focused programs in tenant insurance and energy conservation to explore new ways of improving the quality of life for affordable housing residents via a series of pilot programs. The results of these pilots will help HSC and its sector partners determine the best way of fulfilling this mandated object.

Toronto Hydro Home Assistance Program

In 2012 HSC partnered with Toronto Hydro and GreenSaver to deliver the Home Assistance Program to social housing residents. The initiative helps residents and housing providers conserve energy and reduce their utility costs by covering the cost and installation of energy saving measures – including appliances, air-conditioners, lightbulbs, showerheads, faucet aerators, weatherstripping and installation. HSC's job in the partnership was to recruit participants to the program. At the end of 2012, more than 200 households had signed up to this program.

REDY
(Reducing Energy Demand through Youth)

2012 was the second and final year of REDY, a skills training program for green jobs aimed at unemployed youth. Delivered by HSC subsidiary GLOBE, REDY offered Service Managers, housing providers and businesses skilled help on 'green' maintenance jobs – including weatherization, plumbing and electrical work. In 2012, 54 youth from Windsor, Brockville and Toronto graduated from the program and entered the workforce. Graduates were equipped with skills needed to work in the housing sector. Funded with the generous support of the Ontario Trillium Foundation, the program was delivered in conjunction with the Ontario Association of Youth Employment Centres and Housing Services Inc.

They were ready and willing. They were polished up and ready to go. They had a resume, they interviewed well. We hired most of them on the spot.

- Dave Kleist,
Vice President
of Quality Control Corporation

YourSay Pilot

In 2011, HSC began developing YourSay, a technology tool that enables Service Managers and housing providers to interact with residents and staff electronically. Utilizing computers equipped with touchscreen technology and audio/video recording capabilities, YourSay enables residents and staff to complete surveys, watch educational videos, and submit comments or suggestions.

In 2012, HSC piloted YourSay in Windsor and Barrie. Windsor Essex Community Housing has used YourSay to survey the effectiveness of their waiting list process. It has also used the technology to find out about children's food access by using it during summer recreation programs. YourSay testimonials and quantitative data were used to make the case for breakfast and lunch program funding from the municipality.

However, the pilot also revealed areas to improve the Yoursay platform and approach. In 2013, HSC will be examining ways of better integrating YourSay features into locally based online and tenant engagement strategies. We will be looking at ways to expand on the initial hardware-based approach so users can provide feedback on a variety of devices and through provider websites as well as the YourSay screens. We will also looking at ways that the data collected can be more seamlessly integrated with existing housing provider websites and databases.

SEED Pilot (Social and Environmental Enterprise Development)

Many low-income residents of social housing struggle with the costs of food and often have limited access to healthy and affordable eating options. According to the Ontario Association of Food Banks, more than 400,000 across Ontario accessed food banks in March 2012. 64.5% of food bank users were low-income, rental market tenants; 42.8% of food bank users were on social assistance and 27.3% of food bank users were on disability support. Towards addressing food issues in social housing, HSC piloted the SEED program in 2012.

As part of the pilot, SEED provided resources, training, and support to facilitate the development of urban farming and local food enterprises – in particular the development of resident-led urban agriculture and food initiatives. In 2012, Toronto Community Housing, Atkinson Housing Co-op and Alexandra Park Residents used the SEED program to create vegetable gardens covering over 800 square feet and engage over 100 residents in planting, harvesting and selling vegetables as a community food enterprise. HSC also leveraged its expertise from the program to help launch garden projects at social housing sites in Timmins, Prescott, Barrie, Mississauga and Aurora and to support food-related projects in Hamilton and Windsor.

In 2013, HSC will assess the results of the SEED pilot and determine its next steps.

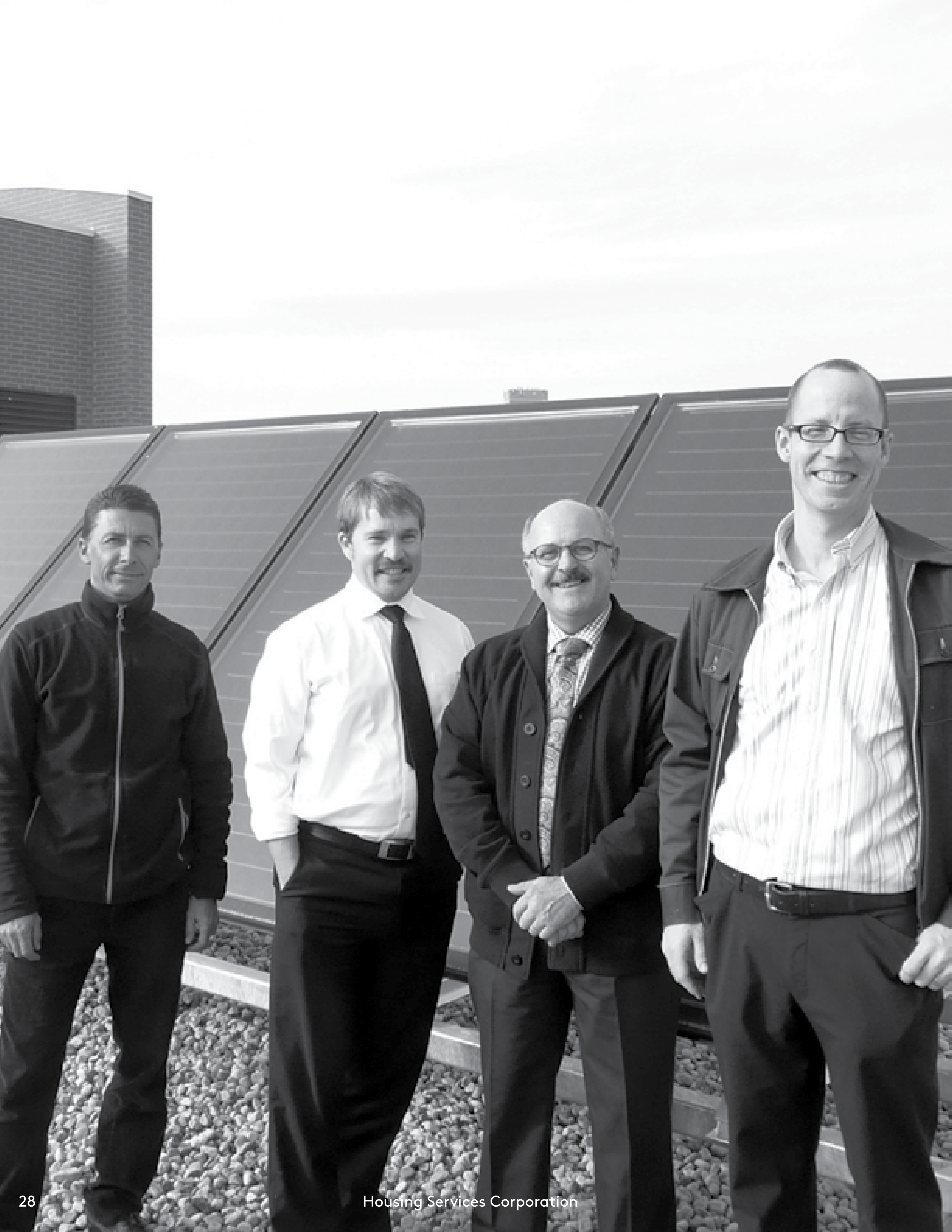
SEED gives me a sense of belonging. It has helped me get to know my neighbours and has given us the opportunity to create a community business.

- Dianne Williams, Treasurer
Atkinson Housing Co-op

START Pilot (Saving To Achieve Real Transformation)

The goal of this pilot project is to help low-income Ontarians in social housing (or on its waiting list) become more self-sufficient by building savings and increasing financial literacy. Participants focus their savings efforts on a specific goal, which might include starting up a small business, going back to school or moving from social housing to a market rent unit or owning a home. Based on successful individual development account programs in the United States and the United Kingdom, START matches participant savings and offers financial literacy training and support.

In 2012, HSC worked with Social and Enterprise Development Innovations and community agencies to offer pilots in Windsor, Ottawa and North Bay. The program enrolled 90 residents in the program and is helping them achieve their savings goals by the end of 2013.



4 Helping housing providers and frontline staff manage and maintain their buildings.

Ontario's social housing stock is made up of approximately 267,000 units, in portfolios that comprise high rise buildings, townhouses, small multi-unit homes and single family homes. With the vast majority of this building stock constructed between 1945 and 1990, it is now at a critical point in its lifecycle – requiring careful monitoring, maintenance, retrofitting and capital repairs. And with the sector paying more than $400 million a year on utilities, both providers and Service Managers are also under pressure to improve their energy efficiency and reduce consumption.

In 2012, HSC continued to play an important role in supporting the preservation and management of Ontario's housing stock. We did this by delivering project management and technical expertise on capital projects; supporting the adoption of asset management software that can offer better portfolio data and help in prioritizing how capital funds are allocated; sharing best practices for housing staff through the delivery of practical training; and connecting the sector to affordable, energy-saving opportunities.

Technical Services: Helping Deliver Capital Projects

With the overall aging of Ontario's housing stock, the expiry of operating agreements and the troubling state of provider capital reserves, effective asset management has become more important than ever for both housing providers and Service Managers. Effective asset management helps extend the life of buildings, make them more efficient and maximize available dollars. Since 2009, HSC Technical Services has supported effective asset management by helping housing providers and Service Managers deliver the right capital projects for the right budgets at the right time with end-to-end advisory services — covering project prioritization, procurement and project management. In 2012 the team:

- Completed building condition assessments for approximately 6,000 units for the City of Ottawa
- Completed building condition assessments for approximately 20,000 units for the City of Toronto
- Managed approximately $22 million in mechanical upgrade and renewable energy projects for the City of Toronto
- Provided technical assistance to housing providers to successfully deliver a range of capital projects, including elevator upgrades, landscaping improvements, roof replacements, heating system improvements and photovoltaic renewable energy installations.

By and large, the capital projects that HSC Technical Services has been involved with are reflective of the advanced age of Ontario's stock. They also provide insight into how provider reserves are being utilized to extend the life of the physical assets.

There was a tremendous response from the contractor community, likely due to the size of the total portfolio. And it produced significant actual cost savings to the housing providers. We saved between 10 and 15% of the price compared to individual tenders.

- Bill Bacon, HSC Technical Services, on the Toronto Mechanical Upgrade Project

In addition, HSC Technical Services helped drive the use of asset planning software by providers across Ontario and delivered training to support users. As a result at the end of 2012, there is data on almost 64,000 housing units in software systems that allow providers to better manage their budgets and prioritize projects.

Training & Education

Housing professionals at all levels need to keep up with best practices, emerging trends and regulatory and legislative developments.
In 2012, HSC worked with partners to deliver practical, hands-on training to help housing professionals do their jobs better:

- Partnered with the Electrical Safety Authority to deliver electrical safety awareness training to close to 300 housing staff in Hamilton, Kingston, London, Ottawa, Peterborough, Sault Ste. Marie, Sudbury, Toronto and Windsor
- Developed a new "Procurement 101" workshop and piloted its delivery with providers from the City of Hamilton
- Re-developed the Asset Management Centre "Capital Plans that Work" workshop with the City of Toronto and delivered it to almost 200 attendees

Both "Procurement 101" and "Capital Plans that Work" will be available for province-wide delivery in 2013.
In addition, HSC began to work with the United Kingdom's Chartered Institute of Housing (CIH) on an agreement to develop an accreditation system and professional body for Canadian housing professionals. CIH is the world-leading professional body for the housing sector. Established in the UK in 1918, it currently has 22,000 plus members in over 20

countries, and accredited programs in Hong Kong, China, Macau, Taiwan, Australia, Republic of Ireland, and Holland.

With nearly 90% of Ontario's social housing sector's senior-level workforce over 40 and approximately 45% planning to retire within the next three years, the need for succession planning is critical. The proposed partnership will build on the work of the Institute of Housing Management, the Ontario Non-Profit Housing Association, the Cooperative Housing Federation of Canada and HSC, each of which have built strong training programs for housing professionals. In concert with these offerings, it will develop establish consistent education and performance standards for housing professionals across Canada by offering tailored support, qualifications and courses to help people achieve CIH certificates and chartered member status. Darlene Cook, CEO of Peterborough Housing, is leading up efforts on the Canadian side and has accepted a part-time secondment with HSC to lay the groundwork for the partnership.

Reducing Energy Consumption and Costs

Utility costs are by far the largest controllable costs in social housing. So reducing the energy costs is a top priority for housing providers. While HSC helped providers in 2012 with changes to its natural gas program and through its outreach work on the Toronto Hydro Home Assistance Program, HSC subsidiary GLOBE also contributed by delivering four key programs:

- Enbridge Gas Multi-residential Incentive Program: GLOBE helped improve the energy efficiency of 29 multi-residential buildings in 23 housing provider corporations through its contract with Enbridge Gas Distribution's Multi-residential Incentive Program for the social housing sector. This program promotes long lasting, energy management initiatives, as well as resident engagement and education.
- Enbridge Gas Home Weatherization Program: GLOBE weatherized 355 homes in nine Service Manager areas through the Enbridge Gas Home Weatherization Program for the social housing sector, geared to single-family homes. As part of this successful program in 2012, GLOBE installed 261 programmable thermostats and 165 efficient showerheads, achieving 421,998m^3 in annual gas savings. This program will help make homes more energy efficient and reduce utility costs.
- Utility Management Program: In 2012, GLOBE joined with sector partner Ontario Power Authority to establish a pilot platform for gathering utility data. This first of its kind energy and water analysis program for multi-residential buildings provides valuable information to property managers. The Utility Management Program will deliver quarterly reports for more than 200 buildings across Ontario, allowing our clients to target performance issues and prioritize capital spending. The first set of quarterly reports will be delivered in early 2013.
- Community Champions is HSC's highly successful engagement program that unites staff and residents in conservation efforts. In 2012, Community Champions was delivered to Ontario affordable housing residents as part of the Enbridge Gas Home Weatherization program. In addition, GLOBE delivered four Community Champions training sessions to staff and residents of Toronto Community Housing. The Community Champions network is now made up of staff and resident champions from 90 buildings across Ontario, all working towards a more sustainable sector.

It is important to keep in mind that each little step, taken in the right direction, can lead to big results. You just need to set realistic, achievable goals. That is what is so great about this program: it not only helped us put together a plan that is unique to us; Community Champions also provides us with the resources and support we need to stay focused and positive.

- John Wilkinson, Manager, Carpenters Local 27 Housing Co-op

For the past 10 years, HSC has had the privilege to be a part of Ontario's housing community, first as SHSC and now as HSC. We are grateful to our partners for the opportunity we've had to develop and deliver programs that help them deliver safe, affordable homes, and build vibrant neighbourhoods. To celebrate our partnership with the sector over the past 10 years, in 2012, we teamed up with communities to complete revitalization projects.

The Big Ten Tune-Up projects were hand-picked by local Service Managers and housing providers for their neighbourhoods. From streetscape makeovers to cookbook launches, what these projects had in common is the benefit they provide to residents and the local community.



HSC

The Big Ten Tune-Up 10th anniversary

Financials

2012 REVENUES ($= 000)	
Bulk purchasing program	$27,540
Energy program	$4,149
Insurance program	$1,739
Benchmarking and best practices program	$258
Capital reserves program	$3,232
Grants - Province of Ontario	$427
Investment income	$282
Total Revenue	$37,627

2012 EXPENDITURES ($= 000)	
Bulk purchasing program	$31,453
Energy program	$3,559
Insurance program	$2,390
Benchmarking and best practices program	$2,743
Capital reserves program	$2,878
Total Expenses	$43,023
Excess of expendituresover revenue for the year:	$5,397

2012 ASSETS ($ = 000)	
Assets	$9,313
Liabilities	$5,148
Net Assets	$4,165

Financial Outlook

While 2012 was a challenging year for HSC financially, primarily due to extraordinary one-time gas and insurance expenses, 2013 and 2014 are expected to show a positive turnaround in the organization's financial position and stability. HSC's future outlook is positive due to a combination of factors which include:

- Reduced operational costs: In 2012 and 2013 HSC took major steps to reducing its operational costs. In April 2013, the organization relocated its Toronto office to reduce ongoing office rental costs. In addition, HSC froze salaries in 2012, renegotiated its staff benefits package and reduced its staff complement by approximately one-third. As part of these austerity measures, board remuneration has also been reduced.
- The conclusion of program investment obligations: In 2013, HSC's investment to support the exploration, legal and administrative groundwork for the Chartered Institute of Housing (CIH) Canada initiative will be complete. CIH Canada will be self-sustaining and will not require any further investment. By 2014 HSC will have also fulfilled its financial and program management commitments to the Savings to Achieve Real Transformation (START) program.
- Projected revenues on programs are conservative: HSC is utilizing revenue projections that are lower than the actual amount of business than it can potentially expect to generate on its programs. With a recent Landlord Tenant Board decision in favour of mandatory tenant insurance, the redesign of its gas and insurance programs and the rollout of new IT consulting and applied research offerings in 2013, HSC is confident that it will meet its revenue targets.

As part of its provincially mandated reporting requirements, HSC reports on the remuneration and reimbursed expenses of board members, officers as well as those of its top five paid employees.

The expense reports as well as the expense policy for the HSC Board of Directors are available on our website, www.hscorp.ca

A Word from HSC's New CEO, Howie Wong

As the new CEO of Housing Services Corporation as of May 1, 2013, I first want to congratulate Lindsey Reed for her outstanding leadership over the last 10 years. As you can see from HSC's 2012 Annual Report, she has left an impressive legacy for an organization that was only intended to be temporary and set into motion the renewal of HSC's programs so that they will meet the needs of the sector in the years to come. She has also been a steadfast leader in the last two years, probably our most difficult years as an organization. I thank her for her continued support of the sector, and HSC's stakeholders and staff.

The year ahead will be a challenging one for HSC as we regain our financial footing and work towards replenishing our program reserves. But I am also confident and excited about what's in store. My business goals for HSC for 2013 are 1) financial stability 2) continuing to develop competitive, revenue-generating programs 3) to help HSC clients to better manage their housing portfolios and 4) to build strong client loyalty. As we move into the second half of the year, I am confident that we are making important strides on all four fronts.

I look forward to reporting back in next year's annual report on how we've done.

Howie Wong, CEO
June 2013

HSC