Housing Services Corporation

2021 Annual Report

HSC

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Letter from the CEO & Chair

Howie Wong,
Chief Executive Officer

Brian Marks,
Board Chair

In 2021, HSC continued to operate under pandemic conditions. While our Technical Services team remained out and about to manage capital projects across Ontario, most of our business units continued with another year of virtual meetings and remote work.

This year, however, was different than 2020. Remote work became normalized at HSC as we further settled into our respective home offices. Our staff and client advisory committees got used to working virtually and more comfortable using the technology tools to support this.

While the world of everyday work stabilized in certain respects, we saw some significant changes and developments on a more global level. The rollout of COVID-19 vaccines ramped up; the stock market saw significant gains while bond yields dwindled; the supply chains challenges that began in 2020 continued, creating shortages of key materials and components, including building materials; this, in turn, contributed to rising inflation, which has continued in 2022.

These pressures have had a ripple effect on the services HSC offers. But in 2021 they were mostly contained due to our longstanding commitment to moderating marketplace volatility across our core programs. The power of the group, and our focus on creating cost-effective, efficient programs for our clients, had much to do with this.

We look forward to meeting the challenges of 2022 with the same resilience our staff has demonstrated over the past two years. We would like to thank them for their tremendous efforts in 2021, our clients for their trust, and you, our stakeholders, for your continued support.

Finally, we would like to extend our thanks to William (Bill) Bradica, whose 4 year term as Board Chair ended on March 31, 2021. Bill's dedication to and support of HSC helped tremendously during an important time for our organization and we are thrilled that he continues to offer his guidance and insight as a member of our board.

Energy Services

In the spring of 2021, HSC conducted 2022 gas purchasing renewals in an extremely volatile natural gas market that was trending upward. HSC adopted a multi-step strategy to mitigate the impacts of this for its renewing clients with:

- Single or multi-year fixed rates for those seeking price protection and stability, and a variable rate 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

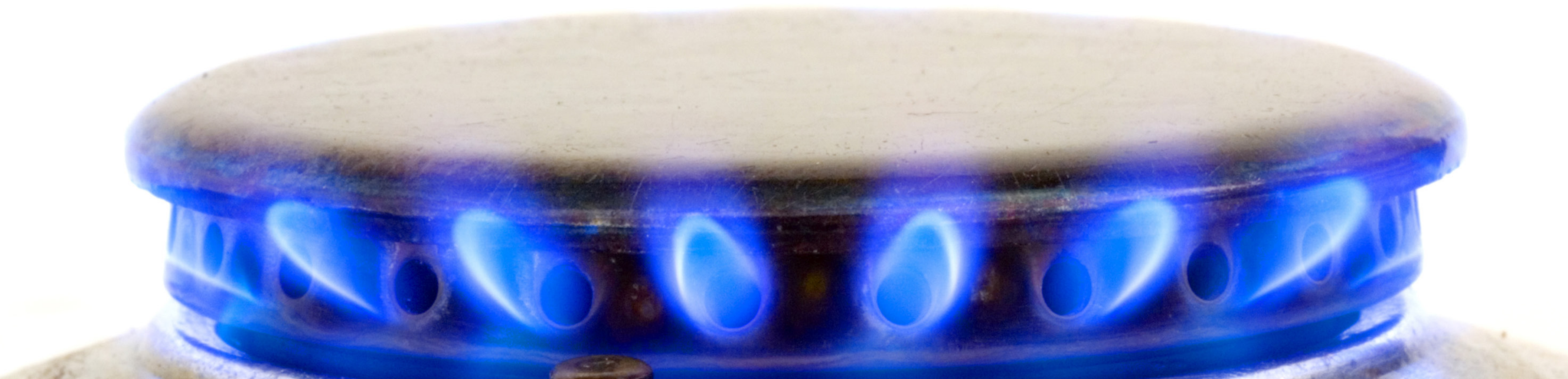
This strategy succeeded and the renewal process avoided the record upswings in the gas market that occurred in late summer and early fall of 2021. Because the majority of clients chose fixed-rate options for 2022, they are being protected from the record high gas market we are seeing as of spring 2022.

HSC Energy Services at a Glance:

Homes Heated	94,000
Volume of Gas Used	84,000,000 cubic metres
Amount Purchased	$13,300,000 per year
Buildings Tracked for Energy Performance	+800

On the backend of the program, HSC improved its purchasing and consumption data tracking, leveraging its Salesforce Cloud implementation to respond to client inquiries and plan renewals. Capturing key data points in these areas not only makes the administration of the program more efficient, it opens up access to data that can be easily aggregated for sector-level research on energy trends.

Finally in 2021, 21 providers took advantage of HSC's Energy Reporting Service, which supports non-profit housing providers in complying with provincial energy data reporting requirements. Known as Ontario's Large Building Energy and Water Reporting and Benchmarking regulation (506/18), this requirement applies to buildings 100,000 ft^2 or larger.



Insurance & Risk Management

In 2021, HSC's Insurance and Risk Management Services continued to offer strong value for its clients. This was reflected in significant growth across all of our insurance programs. We added:

- 29 new providers to our province-wide group insurance program for the 2021-22 term, protecting even more housing providers with our comprehensive coverage and risk management services
- 1,200+ residents to HSC's Tenant Insurance Program, providing them with protection when they need it most and helping housing providers mitigate risk
- Two new District Social Services Administration Boards to the DSSAB program we created in 2020, which covers property and liability beyond housing and is specially designed for their unique needs

In the insurance business, the power of the group makes a difference when it comes to costs. By growing our groups, we are able to manage program and underwriting costs. As a result, in spite of the continuing hard market and the unfavourable view of

HSC Insurance & Risk Management at a Glance:

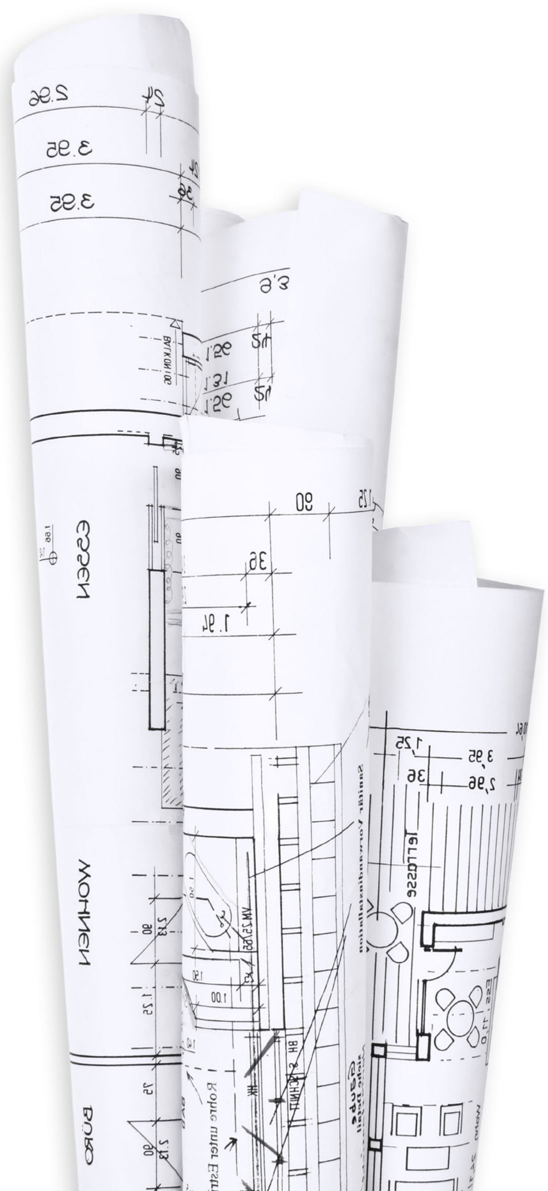
Homes Insured	+170,000
Number of Properties	+6,500
Number of Providers	618
Insured Asset Value	$31,200,000,000

multi-residential housing as a category of risk, we were able to control premium increases and avoid a communicable diseases exclusion in 2021.

We also made improvements to the client experience of the group insurance program, rolling out enhanced online payment options and developing a claims support package, a tool which keeps things simple for providers when they are under tremendous pressure to rapidly navigate difficult situations. We added additional supports to manage practical risks, including a webinar focused on Directors' and Officers' risk; a new guide on flood preparedness; and templates for going smoke-free and implementing mandatory tenant insurance.

Finally, we soft launched our property risk dashboards for Service Managers. These dashboards enable them to identify opportunities to improve risk management by getting a view on claims across providers in their area and at a province-wide level. They also represent the first step in a HSC's efforts to build a series of program-specific dashboards for Service Managers.

Business Solutions and Technical Services



HSC continued on its journey to integrate its Business Solutions and Technical Services offerings, while also offering clients the flexibility to pick and choose the asset-focused services they need. 2021 was characterized by significant interest in these areas of our business as both providers and Service Managers looked to evaluate, retrofit and add to their community housing portfolios for the future.

Business Solutions:

Since we launched Business Solutions in 2019, sector use of our services has grown dramatically. In 2021, HSC Business Solutions/Consulting undertook 28 projects, almost 50% more than in 2020. Not surprisingly, this has expanded the range and the scale of the projects we've undertaken. Key accomplishments in 2021 included:

- Expanding strategic planning services beyond housing operations
- Managing over 50 engagement sessions that involved facilitating discussion with public and housing provider participants
- Playing an increasing role in setting a path forward for community housing in the post-End of Mortgage era due to our work with multiple Service Managers, undertaking financial viability modelling and building on our knowledge of sector best practices.

Technical Services:

In 2021, our Technical Services team took on 48 active projects, which marked a 25% increase from 2020. These projects involved managing major capital renovations across Ontario, including delivering COCHI and OPHI funded projects. HSC also worked with Service Managers to project manage and oversee portfolio-wide Building Condition Assessments and other studies. Finally, HSC Technical Services continued to expand its offerings in supporting a number of new builds.

Partnerships

Encasa Financial: Capital Reserve Investments

Encasa Financial manages over $510M for more than 800 housing providers in Ontario on behalf of HSC. It is a partnership venture with the Cooperative Housing Federation of Canada (CHF Canada), CHF BC and the British Columbia Non-Profit Housing Association and offers housing providers a series of investment products.

In 2021, the movement of the stock markets resulted in a mixed year for Encasa investments. The sharp drop in stock market equities at the outset of the pandemic reversed and 2021 ended up being an excellent year for the Encasa Equity Fund. However at the same time, bond yields waned, which dragged down Encasa's Bond funds. Rising inflation and the prospect of interest rate hikes also put pressure on bonds. This was a phenomenon that was experienced by investors of all kinds internationally.

HSC's Customer Advisory Group for Encasa spent part of 2021 examining the issue and discussing possibilities to address it, given investor holdings in the capital reserves program. Their recommendations are being advanced to Encasa in 2022.

Ontario's Capital Reserve Investment Program at a Glance:

Assets Under Management	$541,000,000
Housing Providers Investing	+800
Number of Investment Funds	3

HPC Housing Investment Corporation (HIC)

In spite of the pandemic, which slowed and reduced the appetite for loans in the sector, HIC closed a $40M construction loan in 2021. The 40 year loan will provide long-term financing for Civida's Londonderry development in Edmonton Alberta. This financing brings the total amount HIC has delivered to Canadian housing providers to $73.1M.

The loan also launched HIC's Construction Lending Program, which builds on the 2019 financing HIC delivered in the form of take-out financing. It marked the first step by HIC to diversify its toolkit of financial lending products for affordable housing providers. Towards advancing this work further, HIC issued a sector investment survey in 2021, with the goal of launching new products and additional financing rounds in 2022.

Thank You for Your Help in 2021

HSC Board:

- **William Bradica**, District of Thunder Bay
- **Zoran Churchin**, Zoran Properties
- **Stella Danos-Papaconstantinou**, Durham Region
- **Michael Duben**, Oxford County
- **Ronald Holman**, forrmer 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 County
- **Debbie Cercone**, Windsor
- **Glenn Courtney**, Toronto
- **Jody DeGagne**, York
- **Lisa Goodfellow**, Ottawa
- **Ray Harper**, Chatham-Kent
- **Catherine Matheson**, Nipissing
- **Rebecca Morgan-Quin**, Peterborough
- **Ryan Pettipiere**, Waterloo
- **Ken Ranta**, Thunder Bay
- **Nicola Reid**, Kingston
- **Alan Robins**, Durham
- **Jenny Shickluna**, Niagara
- **Elizabeth Storti**, Peel
- **Alison Tutak**, Leeds-Grenville
- **Arfona Zwiers**, Simcoe

Service Manager Housing Company Network:

- **Andrew Balahura**, Halton
- **Kerry Hobbs**, York
- **Danielle Hounsell**, Waterloo
- **Eleanor MacDonald**, Durham
- **Kelly-Anne Salerno**, Waterloo
- **Lisa Smith**, Cornwall
- **Joe Valvasori**, Halton
- **Andrea Warren**, Peel
- **Donna Woiceshyn**, Niagara

LHC Forum:

- **Matthew Bowen**, Haldimand-Norfolk Housing
- **Paul Chisholm**, London & Middlesex Community Housing
- **Darlene Cook**, Peterborough Housing
- **Mary Lynn Cousins Brame**, Kingston & Frontenac Housing
- **Nathalie Fauvel**, Ottawa Community Housing
- **Tom Hunter**, CityHousing Hamilton
- **Jag Sharma**, Toronto Community Housing
- **Jim Steele**, Windsor Essex Community Housing

Energy Services Stakeholder Advisory Group:

- **Jeff Barban**, Sault Ste. Marie Housing
- **Cameron Banach**, Niagara Regional Housing
- **Dan Dicaire**, Ottawa Community Housing
- **Jon Dilworth**, Toronto Community Housing
- **Boyd Dyer**, Toronto Community Housing
- **Hans Kogel**, Windsor Essex Community Housing
- **Michelle Lafond**, Cochrane District
- **Paul Liu**, Toronto Community
- Housing
- **Donna Mayer**, District of Nipissing
- **Nicole Piquette**, Greater Sudbury Housing
- **Ben Reynolds**, Kenora District Services Board
- **Chris Shilton**, CityHousing Hamilton
- **Jeff Yeo**, District of Muskoka
- **Rizwan Zaeem**, Victoria Park Community Homes
- **Kimberly Zarichney**, Greater Sudbury Housing
- **Richard Zhang**, York Region

Insurance Advisory Group:

- **Jeff Barban**, Sault Ste. Marie Housing
- **Kevin Bradley**, Ajax Municipal Housing
- **Georgina Daniels**, District of Thunder Bay
- **Tina Gardiner,** York Region, Chair
- **Gael Gilbert**, Supportive Housing of Waterloo
- **John McDonald**, Peel Region
- **Dan Saumur**, Greater Sudbury Housing
- **Anita Tsang-Sit**, Toronto Community Housing

Encasa Advisory Committee:

- **Cindi Briscoe,** Greater Sudbury
- **Stephen Quinn**, Vincent Paul Family Homes
- **Geoffrey Seaborn**, Portland Place NPHC
- **Jim Steele**, Windsor Essex Community Housing
- **Louise Tullo**, Richview Baptist Foundation

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