Housing Services Corporation

2023 Annual Report

HSC

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Letter from the CEO & Chair

Howie Wong (he/him),
Chief Executive Officer

Brian Marks (he/him),
Board Chair

In 2023, we continued to evolve our work and elaborate our role in the sector as we launched our new 5-year strategic plan. We worked closely with clients and stakeholders to build capacity in the sector by providing value-added services that build on our core business and mission.

Geopolitical and climate change related events in 2023 continued to impact our business: war in the Ukraine spilled into its second year and a new Israeli-Palestinian conflict emerged. Closer to home, the worst wildfire year on record in Canada burned 18.5M hectares of forest, broke carbon emission records and destroyed property in British Columbia, Alberta and the Northwest Territories. It was also the warmest year since global records began in 1850.

But there were positive developments too. Pandemic rules continued to ease with the World Health Organization ending COVID-19's global emergency health status in May. In the last few months of the year, interest rate increases and inflation appeared to be slowing down and economic conditions showed signs of improvement.

In Ontario's community housing sector, Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) allocations continued to flow. We also saw a new regulatory framework for the Housing Services Act, driven in part by the end of operating agreements/mortgages. Demographically, we also continued to see significant staff turnover at the senior level among our Service Manager/District Social Services Administration Board clients. At HSC, we added five new staff to meet demand for our services and continued with our hybrid work model.

These factors informed our work in 2023 and what we were able to achieve. We were pleased with the results. Our achievements would not be possible without the work of our staff. We would like to thank them for their efforts in 2023, our clients for their confidence in us, and our stakeholders for their continued support. We look forward to the year ahead and meeting the challenges and opportunities of 2024.

HSC Core Programs at a Glance

~86,300,000 m^3
Purchased

94,000
Homes Heated

43
Clients

+700
Buildings Benchmarked

$38,800,000,000
Assets Insured

+192,000
Units Insured

704
Clients Insured

+9,000
Buildings Insured

$483,000,000
Assets Under Management (Ontario)

+86,000
Units with Reserves

+790
Ontario Clients

$5,200
Average Reserves per Unit

Energy Services

In 2022-23, the warm winter weather impacted the volume of gas that providers used. While this required HSC to sell surplus gas back to the market and absorb the volumetric risk, the program's predictable, market competitive pricing meant that this did not impact the budgets of Ontario's largest housing providers.

This value proposition undoubtedly played a role in winning six new gas accounts. We also added 54 additional buildings to our Utility Management Program, which benchmarks and tracks building energy consumption – providing insight into building performance and opportunities for improve their energy efficiency. HSC also helped facilitate a conversation between housing providers and the Ontario Energy Board regarding billing concerns. Furthermore, we provided expertise to several providers that needed to meet provincial energy data reporting requirements with our low-cost Energy Reporting Service.

As part of our commitment to continuous improvement, we hired a new Director of Sector Services to conduct an extensive review of our gas program. This will include working to identify various risk areas for clients and HSC and to implement mitigation strategies that ultimately improve the program.

Insurance & Risk Management

The 2022-23 insurance term proved to be one of the most difficult in the history of the program. The Russia/Ukraine conflict, the increasing impacts of climate change and the inflationary challenges of the post-pandemic period exerted external pressures on costs associated with building materials and skilled labour. Furthermore, multi-residential housing continues to be an unfavourable category of risk among underwriters and so the pool of insurers underwriting the sector remains small.

Harsh market conditions were compounded by a particularly large number of high-cost fire claims by providers, with the program closing out the term with $30M incurred from 159 claims. A significant number of these claims were resident-related, reflective of demographic shifts in tenancies. Individuals entering community housing have increasingly complex needs (physical and mental health challenges, addictions, life skills) but lack on-site, 24/7 support services. The leading areas of claims (careless smoking, arson, cooking/kitchen fires) bespeak these needs and the challenges providers face in meeting community needs.

The volume and cost of claims in 2023 made renewals for the 2024 term challenging. To satisfy underwriter conditions, HSC needed to increase deductibles, the size of its Claims Trust Fund and the program's total insured values. The group premium also increased 20%. Based on discussions with multiple providers, HSC reached out to Service Managers and the Province to apprise them of the financial impacts to providers and advance recommendations to mitigate risk.

To help manage future insurance costs and the well-being of those living in community housing, HSC has collaborated with the sector on several fronts. We continue to work with housing providers to ensure tenant insurance is in place and to reach out to providers with difficult claims histories to discuss risk mitigation strategies. We also initiated a roundtable of our Stream B insurance clients in 2023, holding two meetings of this group. These clients are large organizations that have property values of over $100M; their stock represents the bulk of the community housing portfolio in Ontario. The goal of this group is to discuss emerging risk issues, such as climate change and cyber security, that have significant implications for large-scale organizations.

Business Solutions

Demand for HSC's non-mandated services continued to be strong with Service Managers across Ontario in 2023. HSC Technical Services and Business Solutions projects were driven by several concurrent factors: end of operating agreements/mortgages (EOA/M); the repair and renewal of community housing portfolios; and funding from the Canada-Ontario Community Housing Initiative (COCHI).

Our Technical Services team secured 37 new contracts, providing services on 70 active projects in the year with a total contract value of $1.9M. Projects ranged from managing new builds and major capital repairs to handling Building Condition Assessments (BCAs) and supporting reports, such as audits relating to energy, accessibility and fire codes.

Much of the work was performed for Service Managers, who were also the main clientele of HSC's Business Solutions team. Their focus complemented that of the Technical Services team, with projects related to portfolio planning – supporting community housing strategic planning and pre-development with EOM information and planning sessions; financial modeling and plans; governance reviews; drafting Master Housing Plans; pro forma template design and development work plans. The team worked on a total of 32 projects, of which 25 were new for 2023. In many cases, projects involved both the Technical Services and Business Solutions team, continuing the integration of the business lines that has been developing in recent years.

Partnerships

Rising interest rates in 2023 meant that the financial entities with which HSC is partnered, Encasa Financial and the HPC Housing Investment Corporation (HIC), took very different directions in the year.

On one hand, rising rates along with federal loan and grant programs, stalled demand for borrowing to finance new development. It was the second year of multiple rate increases. Given these challenges, HIC went on a temporary hiatus as an active lender. However given the variability of market conditions, HIC did not dissolve as a business entity. Instead, it is currently occupying a stewardship role to remain positioned to respond to the future financing needs of affordable housing providers.

Encasa, on the other hand, responded to rising interest rates by launching a new product, the High Interest Savings Account (HISA). The creation of the product grew out of the volatility of equities and bonds in the year – and client demand for a capital preservation product. Encasa also worked on communicating with clients through ongoing client management and the publication of quarterly market commentaries. At the end of the year, Encasa announced a new ownership model to be finalized in 2024, heralding a revamped approach to business development and client services.

Facilitating Sector Best Practices & Innovation

An important part of HSC's 2023-2027 Strategic Plan is to promote a networked sector to share knowledge. As a province-wide organization, HSC is well positioned to foster best practice sharing since it works with all of the community housing stakeholders in Ontario – all Service Managers, many of the 1,500+ community housing providers, the key sector associations and the Province.

In 2023, HSC energetically leapt into this five-year commitment by facilitating 88 meetings and events. Broadly speaking, HSC's involvement took three forms: hosted webinars and events, program reference group meetings and HSC-supported sector discussions. The content of these sessions reflected the interests of our clients: webinars on contingency planning, fire safety, energy incentives; a two-day supportive housing event in partnership with the Northern Ontario Service Deliverers Association (NOSDA); and a session on post-EOM agreements at the Ontario Non-Profit Housing Association (ONPHA) conference. Our regularly scheduled reference group meetings continued in 2023, which bring together clients of our core programs so they can continue to shape those programs to fit their needs and to identify opportunities to improve them.

HSC has also been building towards amplifying the network effect by transforming client data at an aggregate level into meaningful performance metrics, observable trends and actionable business intelligence. In 2023, this continued with adding four new clients to our AssetPlanner system and delivering 25 training sessions on effectively using the system. AssetPlanner data also supported 11 clients in their Building Condition Assessment projects.

We also launched data-driven business dashboards to give Service Managers a window into their community housing providers' capital reserve investments and Independent Local Housing Corporations insight into their property and liability insurance claims. In the meantime, we started to lay the foundation for a next-generation HSC Portal for our key clients and user groups in their organizations. We hope to launch the first version of the portal in 2024.

Building an Inclusive Organization

In 2022, HSC took its first deliberate steps to make Inclusivity, Diversity, Equity and Accessibility (IDEA) principles a priority for our organization. We continued with this work in 2023 with staff training in anti-black racism and unconscious bias; a lunch and learn series on Indigenous peoples in Canada; and diversity, equity and inclusion training.

On an organizational policy level, we introduced land acknowledgements to the start of all our internal and external meetings. We also introduced gender neutral correspondence; included our IDEA statement in our recruitment documents; and continued ongoing updates to our communications to reflect inclusivity.

Most importantly, we continued to reinforce the linkage between IDEA and our work in community housing. We did this by bringing on an Indigenous intern through the Community Housing Transformation Centre's Indigenous Internship Program. We also asked our clients to speak about their work. We heard from staff at Toronto Community Housing's Centre for Advancing the Interests of Black People about their activities within their organization and how it is informing work with tenants.

We also invited the Executive Director of Nishnawbe Homes to have a conversation with our staff about the history of the organization and urban Indigenous experiences. We look forward to continuing to learn from our clients about their insight into IDEA issues and pathways forward.

Thank You for Your Help in 2023

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

HSC Board:

- **Aileen Baird,** Peel Region
- **William Bradica,** District of Thunder Bay
- **Shelley Carroll,** City of Toronto
- **Stella Danos-Papaconstantinou**, Durham Region
- **Michael Duben**, Chatham-Kent
- **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
- Tammy MacKenzie, Parry Sound District
- **Brian Marks**, Cochrane District (Chair)
- **Jennifer Murdoch-Martin,** Waterloo Region
- **Gord Perks,** City of Toronto
- **Anne Marie Shaw**, Grey County
- **Kim Weiman**, Community Housing Management Network
- **Donna Woiceshyn**, Niagara Regional Housing
- **Michelle Willson, Housing York**

Service Manager Advisory Committee:

- **Jeff Barban,** Sault Ste. Marie
- **Andy Blomberg**, Cochrane
- **Rebecca Carman**, Northumberland
- **Lindsay Cumming,** Cochrane
- **Jody DeGagne**, York
- **Tom Fortier,** Muskoka
- **Ray Harper**, Chatham-Kent
- **Jane Hartley,** Halton
- **Catherine Matheson**, Peel
- **Rebecca Morgan-Quin**, Peterborough
- **Ryan Pettipiere**, Waterloo
- **Ken Ranta**, Thunder Bay
- **Doug Rollins,** Toronto
- **Saide Sayah,** Ottawa
- **Nicola Reid**, Kingston
- **Alan Robins**, Durham
- **Jenny Shickluna**, Niagara
- **Elizabeth Storti**, Peel
- **Kirk Whittal,** Windsor

Service Manager Housing Company Network/Performance Measures Working Group:

- **Cameron Banach,** Niagara
- **Andrew Balahura**, Halton
- **Cherie Bousquet,** Niagara
- **Michale Buchert,** Peel
- **Brigitte Carpenter,** York
- **Jim Dimanis,** Niagara
- **Margaret Durocher,** Cornwall
- **Olivia Dupuis,** Durham
- **Patricia Hicks,** Niagara
- **Kerry Hobbs**, York
- **Danielle Hounsell**, Waterloo
- **Amy Osika**, Waterloo
- **Nicole Piquette,** Greater Sudbury
- **Randall Profit,** York
- **Alyssa Skan,** Durham
- **Lisa Smith**, Cornwall
- **Joe Valvasori**, Halton
- **Andrea Warren**, Peel
- **Donna Woiceshyn**, Niagara

LHC Forum:

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

Energy Services Stakeholder Advisory Group:

- **Cameron Banach,** Niagara
- **Jeff Barban**, Sault Ste. Marie
- **Dan Dicaire,** Ottawa
- **Jon Dilworth,** Toronto
- **Marty Farough,** Thunder Bay
- **Brad Horner,** Simcoe
- **Michelle Lafond,** Cochrane
- **Nicole Piquette,** Greater Sudbury
- **Sidra Rizvi,** Ministry of Municipal Affairs & Housing
- **Ben Reynolds,** Kenora
- **Jay Shanmugam,** Windsor
- **Chris Shilton,** Hamilton
- **Jeff Yeo,** Muskoka
- **Kimberly Zarichney,** Greater Sudbury
- **Rizwan Zaeem,** Victoria Park Community Homes
- **Richard Zhang,** York

Encasa Advisory Committee:

- **Cindi Briscoe,** Greater Sudbury
- **Georgina Daniels,** Thunder Bay
- **Tracy Greig,** Durham Region Non-Profit Housing
- **Stephen Quinn**, Vincent Paul Family Homes
- **Louise Tullo**, Richview Baptist Foundation

Insurance Advisory Group:

- **Kevin Bradley**, Ajax Municipal Housing
- **Rebecca Carman**, Northumberland
- **Georgina Daniels**, Thunder Bay
- **Tina Gardiner,** York
- **John McDonald**, Peel
- **Andrea Norris,** Ottawa (OCHC)
- **Nicole Piquette,** Greater Sudbury
- **Anita Tsang-Sit**, Toronto, (Chair)

AssetPlanner Working Group:

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

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