



4th Session, 37th Parliament

REPORT OF PROCEEDINGS
(HANSARD)

SELECT STANDING COMMITTEE ON
CROWN CORPORATIONS

Victoria

Wednesday, November 19, 2003

Issue No. 21

KEN STEWART, MLA, CHAIR

ISSN 1499-4186

Published under the authority of the Speaker

Hansard Services publishes transcripts both in print and on the Internet.
Chamber debates are broadcast on television and webcast on the Internet.

www.leg.bc.ca/cmt

**SELECT STANDING COMMITTEE ON
CROWN CORPORATIONS**

Victoria
Wednesday, November 19, 2003

- Chair:* * Ken Stewart (Maple Ridge-Pitt Meadows L)
- Deputy Chair:* * Harry Bloy (Burquitlam L)
- Members:*
- * Pat Bell (Prince George North L)
 - * Susan Brice (Saanich South L)
 - * Daniel Jarvis (North Vancouver-Seymour L)
 - * John Les (Chilliwack-Sumas L)
 - * Harold Long (Powell River-Sunshine Coast L)
 - * Barry Penner (Chilliwack-Kent L)
 - * Rod Visser (North Island L)
 - * John Wilson (Cariboo North L)
 - * Patrick Wong (Vancouver-Kensington L)
 - Joy MacPhail (Vancouver-Hastings NDP)

** denotes member present*

Clerk: Craig James

Committee Staff: Jonathan Fershau (Committee Researcher)

Witnesses: Dan Maxwell (British Columbia Housing Management Commission)
Shayne Ramsay (CEO, British Columbia Housing Management
Commission)

CONTENTS

Select Standing Committee on Crown Corporations

Wednesday, November 19, 2003

	Page
Review of Crown Corporations: B.C. Housing Management Commission	291
S. Ramsay	
D. Maxwell	

MINUTES

SELECT STANDING COMMITTEE ON CROWN CORPORATIONS



Wednesday, November 19, 2003

9 a.m.

Douglas Fir Committee Room
Parliament Buildings, Victoria

Present: Ken Stewart, MLA (Chair); Harry Bloy, MLA (Deputy Chair); Pat Bell, MLA; Susan Brice, MLA; Daniel Jarvis, MLA; John Les, MLA; Harold Long, MLA; Dr. John Wilson, MLA; Patrick Wong, MLA; Rod Visser, MLA; Barry Penner, MLA

Unavoidably Absent: Joy MacPhail, MLA

1. The Chair called the Committee to order at 9:03 a.m.
2. Pursuant to its terms of reference the Committee reviewed the British Columbia Housing Management Commission.
Witnesses
British Columbia Housing Management Commission
Shayne Ramsay, Chief Executive Officer
Dan Maxwell, Chief Financial Officer
3. The Committee met in camera to consider its Report to the House on the matter of its review of the British Columbia Housing Management Commission and adjourned debate on the matter.
4. The Committee met in public session.
5. **Resolved**, that a survey be undertaken of all British Columbia Crown Corporations with respect to the following areas of governance:
 - The Ministry responsible for the Crown Corporation,
 - Members of the Board of Directors,
 - Experience of the Board of Directors,
 - Dates of the Appointment of each of the Board of Directors,
 - Remuneration of each of the Board of Directors,
 - Other Crown Corporations of which members are a Director,
 - The Frequency of Board meetings,
 - Other matters considered relevant,and that the survey be concluded before December 15, 2003.
6. The Committee agreed that the Chair of the Board and the Chief Executive Officer of the Crown Corporation appear on behalf of the Crown Corporation in question along with other officials considered appropriate to facilitate the Committee's work.

7. The Committee adjourned to the call of the Chair at 11:26 a.m.

Ken Stewart, MLA
Chair

Craig James
Clerk Assistant and
Clerk of Committees

WEDNESDAY, NOVEMBER 19, 2003

The committee met at 9:03 a.m.

[K. Stewart in the chair.]

K. Stewart (Chair): Good morning. I would like to call to order the Select Standing Committee on Crown Corporations. This morning we have before us the British Columbia Housing Management Commission. Just a couple of comments before we get started with our presenters. As many of you are aware, we did put into the House our second report, which included five Crowns. It should be on the website, if not today, tomorrow. I'm sure one of our witnesses will be pleased to see that.

Today the order of business will be that we'll do introductions first, then we'll do a presentation. We've allowed up to one hour for the presentation, and then there'll be a question period after that. Usually we have up to an hour, depending on how long our first presentation takes. I understand that the group has not quite completed their core review yet. That may have some impact on some of the mandate issues, if we can just consider that as we move through this.

[0905]

I'd like to, at this point in time.... Just a few of the rules. We do use first names here, so we hope that's all right with you. The questions come through the Chair, and we'll hold questions till the end of presentation, unless it's a question with regard to process.

At this time I'll just start to my left and let everyone introduce themselves.

C. James: Craig James, Clerk of Committees.

J. Fershau: Jonathan Fershau, committee researcher.

B. Penner: Barry Penner, MLA for Chilliwack-Kent.

R. Visser: Rod Visser, MLA, North Island.

P. Bell: Pat Bell, MLA for Prince George North.

H. Long: Harold Long, MLA for Powell River-Sunshine Coast.

J. Les: John Les, MLA, Chilliwack-Sumas.

D. Jarvis: Daniel Jarvis, North Vancouver-Seymour.

H. Bloy (Deputy Chair): Harry Bloy, MLA, Burquitlam.

S. Ramsay: Shayne Ramsay, the chief executive officer for B.C. Housing.

D. Maxwell: Dan Maxwell. I'm the chief financial officer of B.C. Housing.

P. Wong: Patrick Wong.

K. Stewart (Chair): We'll turn it over to you, Shayne, and you can start with your presentation. You have up to an hour, but you indicated it would be less than that. Great. Okay, thanks. Go ahead.

Review of Crown Corporations: B.C. Housing Management Commission

S. Ramsay: Thank you very much. It's a real pleasure to be here today and to have the opportunity to discuss B.C. Housing's planning and reporting framework with you. Unfortunately, our acting chair, Lori Wanamaker, who is an assistant deputy minister in the Community, Aboriginal and Women's Services ministry, couldn't be with us today. She's also responsible for the fire commissioner's office, and there are some hearings in Richmond today with respect to the summer's fires, so she's there.

The items that I'd like to discuss today are an organizational background and overview of the B.C. Housing Management Commission, provincial housing priorities, discussion of the strategic context in which we operate, and then our strategic goals, our performance highlights and some of our budget issues.

B.C. Housing fulfils the government's commitment to the development, administration and management of subsidized housing across the province. B.C. Housing was originally formed to manage public housing that was created in the postwar years. A merger of the portfolios of the Prince Rupert and Vancouver housing authorities established B.C. Housing's early portfolio in the mid-sixties.

As happened in other provinces, provincial housing agencies became the first owners and managers of housing developed under federal-provincial cost-shared programs. That was a model that was adopted, in essence, across the province. Every provincial government has its own housing agency that developed and managed those first public housing projects. However, over the past 36 years the organizations and their programs have evolved significantly. In the early seventies there was a change to community-based delivery, where non-profits and co-ops owned and managed subsidized housing, and B.C. Housing became a facilitator, with program delivery achieved through the P3 model.

The majority of the social housing stock in the province today is managed in partnership with more than 600 non-profit societies and co-ops. Each of these groups is responsible for managing their own developments, their own governance structures, their own tenant member selection processes and their own housing management systems. B.C. Housing, in turn, provides technical, administrative and financial assistance to these groups through existing operating agreements.

Over the past few years there has been a significant refocusing of housing programs to target the needs of the most vulnerable in our society through a combination of housing and support services, and that's a theme you'll hear throughout my presentation today.

B.C. Housing's main functions are to work in partnership to create new housing options for those most in

need. Typically, these are low-income households that may need additional support services to retain or regain their independence. This is the context in which the most recent form of program, the Independent Living B.C. program, was developed, and I'll talk a bit more about that later in the presentation.

We administer a range of housing programs and services, including funding agreements for over 33,000 non-profit and co-op units. We provide more than 15,000 rent supplements to people renting in the private market. That's done through two primary programs: the Shelter Aid for Elderly Renters, which targets seniors, and the supported independent living program, which targets people with a mental illness.

We co-own, cost-share with the federal government and manage about 7,800 social housing units across the province, and that's what I was referring to as the old-style public housing that was primarily developed in the fifties and the sixties. Our oldest development is Little Mountain in the Mount Pleasant area of Vancouver. It's 50 years old next year. It has 224 units, so one of the ongoing issues we have is the maintenance, the regeneration and, perhaps, the redevelopment of that aging public housing stock.

[0910]

We also manage a variety of special purpose group homes. During the downsizing of institutions like Riverview and Woodlands, B.C. Housing was the agency that worked with line ministries and those institutions to place the community-based housing resources. We are involved with about 3,000 units in more than 500 group homes across the province.

Because of our role in the housing industry, we partner with the private sector and the Canada Mortgage and Housing Corporation in research and education initiatives. For instance, over the past several years we've used significant resources to look at the whole building envelope issue to ensure that we're dealing with that issue on a go-forward basis.

B.C. Housing is also a National Housing Act-insured lender. What that means is we provide interim construction financing and arrange for takeout financing through private lenders for both new housing and renewals. We administer a mortgage portfolio of about \$1.6 billion. This financial capacity is key to both the administration and the development of subsidized housing at cost across the province. This results in a very cost-effective, off-balance sheet borrowing function, which reduces long-term subsidy costs to government.

As I said earlier, in the past few years there has been a real move to refocus our housing dollars on the most vulnerable in our society. We are moving from broad-based programs to ones that are more targeted to those in greatest need. This includes the frail elderly, mentally ill, physically disabled, homeless, low-income families and individuals, and women and children fleeing violent or abusive relationships. Affordability issues of those in greatest need are often complicated with health and other social concerns. In these cases, housing must be, and is, combined with support ser-

VICES to allow these individuals and families to maintain and regain their independence.

Also, progress toward self-sufficiency can be made through the assistance of affordable housing. To maximize independence and help move people toward self-sufficiency, this year we initiated a three-year demonstration project in Victoria in partnership with the Ministry of Human Resources, local non-profit groups and private sector sponsors. This project supports families to reduce their dependence on government subsidies, with the ultimate goal of moving people out of social housing and into the private market.

The next slide provides a business overview of B.C. Housing and the link between the financial inputs from our budget and our performance across key program areas. I'm sorry — the slide is a bit hard to read. These linkages are further reinforced in the goals and strategies as set out in our service plan.

You will note that our funding comes from a variety of sources: the provincial government — provides about half of our budget — federal government, tenant rents and sponsoring ministries. Sponsoring ministries are the partnerships we have with ministries like Health and Children and Family Development, particularly in the group home portfolio.

Our programs help more than 56,000 households with special needs and low incomes find and maintain appropriate housing. In '03-04 our budget of \$275.9 million went to support 7,800 units of public housing, 33,000 units of non-profit and co-op housing, more than 15,000 rent supplements and about 3,000 group home beds.

Although not the subject of this presentation, I wanted to mention the existence of our landholding company, as it is reported in our annual report and financial statements. B.C. Housing is prevented from holding title to properties as part of our incorporating documents. The Provincial Rental Housing Corporation is the landholding entity for B.C. Housing — to hold provincially owned social housing. B.C. Housing administers the Provincial Rental Housing Corporation, which buys, holds and disposes of properties and leases residential properties to non-profit societies and co-ops for housing developments. PRHC does not employ any staff. The chair of B.C. Housing and senior management serve as the directors of the corporation. It is a company incorporated under the Society Act with the minister responsible for housing as the sole shareholder.

The next slide provides an overview of subsidized housing funded by the province. The largest component of subsidized housing is owned and managed by non-profits and serves low-income seniors and families, the homeless, persons with disabilities and frail seniors. The next largest component of the subsidized housing portfolio is rent supplements, where B.C. Housing provides a subsidy to the private landlord that bridges the gap between the cost to rent a unit and what a household is able to pay. About 30 percent of the subsidized housing stock is provided through rent supplement assistance in the private market.

As I mentioned earlier, the main component of rent supplements is the Shelter Aid for Elderly Renters program. Just to give you some sense of the client that is served under the SAFER program, the average age of a SAFER recipient is about 78 years. In fact, more than 40 percent of households receiving SAFER are over 80, and almost one in ten is over 90. The average annual income for SAFER recipients is about \$14,400 per year.

[0915]

The third component of subsidized housing in the province is public housing which is co-owned and cost-shared with the federal government and is managed by B.C. Housing. This stock accounts for about 14 percent of the subsidized-housing stock funded by the province. This stock, again, is well targeted. About 94 percent of the households in public housing earn less than \$2,000 a month. The last component of subsidized housing is the 300 group home beds that provide housing for people with health issues and severe mental or physical disabilities.

Next, I'd like to spend a few minutes talking about provincial housing priorities and how they fit within the government's strategic plan goals. Government is committed to promoting communities in which diversity is valued and where there is a flexible, innovative social infrastructure to support our most vulnerable citizens. B.C. Housing has a variety of strategies in place that are key to achieving that goal.

The provincial housing policy is guided by two fundamental principles. The first is to recognize the importance of a healthy residential construction industry and to create an environment where private builders and developers can flourish. About 95 percent of the housing in the province is provided directly by the private market. B.C. Housing is involved with about 5 percent. The overall goal is to have a healthy market that can produce as much affordable housing as possible and allow government to focus its resources and target them to those most in need.

To create a thriving housing industry requires appropriate regulatory and tax systems to ensure the private sector is able to continue to build opportunities for itself and, in turn, British Columbians. That's one of the focuses of the housing policy group within the Ministry of Community, Aboriginal and Women's Services.

The second fundamental principle of the provincial housing policy is to work in partnership to create appropriate housing options for our most vulnerable citizens, and that's where the focus and role of B.C. Housing comes in. The non-profit and private sectors will figure prominently in the delivery of this priority and can bring their skills to the task of providing housing for some of the most vulnerable British Columbians. We are looking for the most value for each taxpayer dollar. Partnerships between private and non-profit sectors and all levels of government will give us the maximum value.

As the Chair mentioned earlier, we are still undergoing the core services review, and the housing priorities are reflected in this work. We are currently examining how to realign existing programs and services to serve

the most vulnerable by looking at eligibility and selection criteria for existing subsidized housing so that we can create additional capacity to serve a greater number of those in need and optimize use of existing stock to better serve the most vulnerable. This may involve sale, redevelopment or conversion of existing housing developments, and alternate service delivery models.

Looking at a redefined federal-provincial partnership, as I mentioned earlier.... In the last budget year the provincial government contributed about \$100 million in funding to our cost-shared programs and delivery of the Independent Living B.C. program. So far under the ILBC program, 782 rent-supplement units have been awarded to private sector operators. Conditional allocations to non-profit providers building new housing or undertaking conversions of existing housing will be awarded in the next few weeks. Options and recommendations across each of those issue areas will be presented to cabinet in the spring of '04.

I'd now like to move on to the strategic context in which we operate. There are a number of external and internal factors that have an impact on our activities. These include economic and market forces, changing demographic and client needs, and risk and capacity issues. Ongoing affordability challenges represent an important area of concern.

You may have noted in yesterday's editions of both the *Province* and the *Vancouver Sun* there were articles that detailed the cost to own a home across Canada. According to a new report by the RBC Financial Group, British Columbia's real estate is the least affordable in the country. It costs about \$1,914 to carry the average home in Vancouver, which costs about \$320,000. In Toronto it costs about \$1,874 to carry the average home, priced at \$302,000, and in Montreal, about \$1,094, where the average home cost is less than half of that in Vancouver.

Vacancy rates in many communities remain below 3 percent, the level that is typically considered the benchmark of a balanced rental market. Vacancy rates in Vancouver and Victoria typically hover around 1 percent and sometimes less in the urban parts of Vancouver. Rents have continued to rise by about 11.2 percent in Vancouver and 7 percent for Victoria over the last six-year period.

[0920]

Analysis also shows that the market is building limited new rental housing and those units that are being built are at the higher end of the market. To some extent, there is no economic rationale for the market to add newer lower-priced or more moderately priced affordable housing. Taking into consideration things like the costs of land and construction, evidence would suggest that in spite of the high demand, as evidenced by the low vacancy rates, we see very little purpose-built rental housing being built. More investment happens in the condo market.

One of the other phenomena is the loss of older, more affordable rental housing units as the cost of land continues to increase. Usually these units are demolished to make way for higher-priced condominiums.

Another issue is the changing sociodemographic profile of households. One of the main areas of growth is in the over-75 age cohort, which presents a significant challenge that needs to be addressed. Among those who are 75 or over, there are currently about 246,000 people in B.C. This number is expected to increase to more than 410,000 by 2021. This is an issue that is facing us in our public housing units, where 4,000 of our tenants are seniors and one in six is over the age of 75. This has resulted in significant aging-in-place issues and the need to develop increased partnerships with health authorities who can provide or import support services into those buildings.

Besides an aging population, there are a number of challenges to house people with mental and physical disabilities. More than 14,000 individuals with multiple health and social needs are receiving some level of housing assistance in the current social housing portfolio of 56,000 units. Increased partnerships with health authorities to provide integrated housing and support services are essential to address the needs of these individuals.

Homelessness is also an important challenge that needs to be addressed. An average of 500 people were turned away each month from Vancouver's four largest shelters. A snapshot survey conducted in 2001 noted that there were approximately 1,100 households who were homeless during a 24-hour period, including 71 children. These figures are consistent with findings in other jurisdictions, where the increasing level of homelessness is an emerging and serious concern.

Now I'd like to briefly describe some of the key considerations related to risk and capacity. One of the issues we're currently dealing with or are faced with is an aging public housing stock. As I said earlier, most of those buildings were built in the fifties and sixties, and we are now faced with the need to redevelop or regenerate these buildings.

Additional risk that we're dealing with right now is the building envelope failure of social housing buildings. Social housing buildings were not immune from the same factors that impacted leaky-condo buildings. Detailed surveys in both the lower mainland and southern Vancouver Island have indicated that we are dealing with about 270 leaky social housing buildings, with an estimated repair cost of about \$150 million. These repairs will be carried out over the next eight years. We have also put in place a broad cost recovery strategy in an attempt to recover some of these repair costs. The way we are handling it is to look at innovative ways of settlement through negotiation and mediation as opposed to litigation.

Another area of focus that has provided us with partnership opportunities is with the federal government's re-entry in 2001 into the affordable housing area. We signed an agreement with the federal government in December of '01 that provided B.C. with about \$88.7 million to be used on housing priorities as determined by the provincial government.

Another partnership opportunity with the federal government is for the devolution of the administration

of the federal social housing portfolio. Currently in the province the Canada Mortgage and Housing Corporation administers some of the same functions that we do for the federally administered or federally funded social housing portfolio. In the mid-nineties there was an offer to the provinces to take on that federal role. Approximately seven provinces have done that, and it's an offer that is still on the table in British Columbia. Obviously, one of the things we would look at in taking on those responsibilities is what the long-term risks are and some of the other benefits that might come from a devolution agreement.

Our relationship with the federal partners is just one example of expanding partnerships. To build on this, we have entered into a number of innovative P3s that have levered other equity without the need for ongoing subsidies. A good example is Ki-Low-Na Friendship Society in Kelowna, where the society was looking to create a ten-bed development for aboriginal youth. With some other partners, B.C. Housing provided some one-time capital funding. It ensured the long-term sustainability of that development without the need for any long-term operating subsidies.

[0925]

B.C. Housing's vision flows directly from our legislated mandate, with our vision being working in partnership to create housing options for those most vulnerable in our communities. The vision is about bringing together the private sector, local government, the federal government, community-based groups, health authorities and the provincial government to achieve our housing goals. Our guiding principles help to define the way in which we carry out our business: promoting independence and self-sufficiency; doing all our housing under a P3 model, where government acts as a facilitator not a doer; respecting community leadership and expertise; protecting the public investment; and providing cost-effective solutions.

The purpose of subsidized housing is to provide housing options to vulnerable British Columbians to assist them in achieving independence and self-sufficiency. Because we are in the middle of core review, our mission statement is still under development, but as we see it now, it would be something like this after we complete that process.

Having looked at the strategic context, I would like to now focus more specifically on the actions we are taking to respond to the challenges. During the next series of slides I will focus on the goals, objectives, strategies and activities as set out in our service plan, as well as highlight a sample of the results achieved in '02-03 as set out in our annual report.

B.C. Housing is the primary agency responsible for achieving government's goal to focus social housing policy and services on the needs of clients and fulfilling government's housing vision to optimize the use of existing social housing assets, existing subsidies and related delivery structures to serve individuals and families most in need. To achieve this, we have four strategic goals: increased housing options, client-focused service delivery for those most in need, sus-

tainable local housing solutions and a high-performing organization.

The first goal is to increase housing options. By the end of the '04-05 fiscal year we will have completed 3,400 units through the provincial housing program and more than 1,500 units through the Independent Living B.C. program. Another 2,000 Independent Living B.C. units will be under development. In total that's close to 7,000 units.

In addition to this, we have sought out other innovative partnerships to deliver housing units to the most vulnerable. Through these partnerships, we were able to lever an additional 529 units without ongoing subsidy dollars last year, which was well above the target. I mentioned previously that the public housing stock is aging, and that provides a great opportunity for redevelopment, regeneration and refocusing of those housing assets to those most in need.

Some of the result highlights for goal 1 in '02-03 were the completion of 1,915 units. We levered funding of \$36 million from the federal government and levered funding of about \$29 million in land and partnership equity from other partners. In total, \$65 million in levered funding was achieved in '02-03.

All new housing that we're involved in is created through a public-private partnership approach. It's owned and managed by the private and non-profit co-op housing sectors, designed and built by the private sector, where B.C. Housing acts as a facilitator during the development phase and then administers any funding agreements over the long term. This slide shows a historical graph of units to reach completion over the last four years. An additional 484 units were under construction at the end of '02-03, and 318 units were awaiting final funding approval.

Partnership contributions for units receiving a commitment in '02-03 equalled approximately \$29 million. Just to give you a sense of where that money comes from, our partners include municipalities and non-profits. That included about \$8.3 million in land, about \$20.4 million in sponsor or municipal equity, often in the form of waivers of DCCs or property taxes or other municipal fees and charges, as well as \$400,000 in grants from other provincial ministries. For '03-04 we've set a formal target of a minimum of 10 percent of capital costs to be levered through partnership arrangements. These are just to give you a sample of some of the results highlighted in graphic form.

I just wanted to spend a minute describing the partnership model we use to develop new housing, in particular under the Independent Living B.C. program. B.C. Housing provides the affordable housing base through the provision of ongoing rental assistance, construction financing and arranging for takeout financing through private lenders. We will also utilize grants from the Canada-B.C. affordable housing agreement.

[0930]

Health authorities develop regional priorities, set service standards and provide the necessary health supports to these developments. The health authorities also have a sizeable asset base of land and buildings

that will be used wherever possible in the delivery of the program. Local governments play a key role in land use decisions but also in contributing land and other assistance to developments such as the waiver of fees, charges and DCCs. The private and non-profit sectors own and manage these facilities. However, they are also expected to play a financial role in terms of land and equity. As you can see, partnerships are vital to our success, and without them we wouldn't be able to move forward to develop our goal of a supportive social infrastructure.

I wanted just to provide you with two concrete examples that are now up and running. The first is Inlet Centre in Port Moody. It's the first development in Canada that integrates a hospice for terminally ill people into an affordable housing development. The development is quite unique. It combines a number of uses, including 41 independent housing units with support services for seniors — the supportive seniors housing model; 23 units for single women age 40 and older; a ten-bed hospice to care for the special needs of terminally ill residents; and 22 townhouses for low- and moderate-income families.

It's a unique partnership between the Greater Vancouver Housing Corporation and its community partners: Inlet Centre Seniors Housing Society, Women in Search of Housing Society and Crossroads Hospice, along with the Canada Mortgage and Housing Corporation and the city of Port Moody. Together those sponsors provided more than \$5 million toward the capital cost of that development. The province, through B.C. Housing, will provide more than \$11 million over 35 years in annual subsidies, and there's ongoing funding support by the Fraser health authority.

The second example I'd like to mention is the Mountainview Village on KLO Road in Kelowna, which provides independent housing with support services and care options for seniors. This is another unique development. It offers 37 wheelchair-accessible apartments with support services. Low-income seniors are able to rent these at an affordable level and pay additional fees for meals and hospitality.

What's interesting about this development is that the remaining 68 units were life-lease units as part of the single complex, and those were sold in the private market. The Good Samaritan Society, which owns and manages the development, contributed the land, and the Canada Mortgage and Housing Corporation contributed more than \$500,000 towards the capital cost. B.C. Housing will again provide long-term subsidies for the 37 units, and the interior health authority funds an annual operating grant of about \$400,000 to provide for the personal care component.

Our second goal is to increase access to housing for those in greatest need. This particular goal relates to the 7,800 units of public housing that we manage directly. The shift towards providing housing options for those in need of both housing and support services extends to frail seniors, persons with physical and mental disabilities, those at risk of homelessness and women and children fleeing abusive relationships.

In the delivery and management of this housing, our challenge is to achieve high operational standards on the property management side but also respond to the support needs and the care needs of the tenants living in those buildings. Over the past year we have achieved an 87 percent overall tenant satisfaction rate. This is done through tenant surveys. We've housed over 300 households with specific housing and support requirements. Again, the next couple of slides present this in a graphic form. This shows you the overall satisfaction rating of 87 percent. The target is related to management responsiveness, cleanliness, safety and security and overall management.

Of the 1,132 public housing units to become available in '02-03, almost one-third were filled with families and individuals with complex housing and health needs. This included 111 women and children fleeing abusive relationships, 100 persons with disabilities and 50 frail seniors, as well as 75 persons with a mental illness. Effectively responding to the needs of those who are most vulnerable will continue to be a key operational priority.

The third goal is sustainable local housing solutions. This goal specifically focuses on our administrative relationship with the non-profit, co-op and private sectors that deliver the majority of social housing within the province. Seventy-four percent of our entire budget is a direct payment to these third-party delivery agents.

Strategies include providing subsidies to non-profits and co-ops through a performance-based management and incentive system, delivering rent supplement assistance to households in the private market, coordinating access to housing through an Internet-based registry and maintaining appropriate oversight of government resources.

[0935]

Some report highlights for the '02-03 fiscal year. We provided \$164.6 million in subsidies to about 32,000 non-profit and co-op housing units, provided 14,429 households with rent supplement assistance in the private market and provided housing assistance to a total of 46,742 households.

As I said earlier, one of the functions of B.C. Housing is as a National Housing Act-insured lender. We secured below-market interest rates for mortgages. That will result in long-term savings of about \$34 million. Some graphic illustration of goal 3. As of March 31, 2003, there were 32,313 non-profit and co-op housing units, receiving more than \$160 million in subsidies.

The next slide shows you the renewal rates for both renewed mortgages and mortgages that are placed after new construction is completed. We pool mortgages for tender to obtain competitive interest rates with the underlying goal to reduce long-term subsidy costs. Much of the social housing is debt-financed, so the ability to get below-market rates reduces the amount of subsidies that you have to pay on an ongoing basis. In 2002-03, \$173 million in new mortgages were placed, and \$108 million in mortgages were re-

newed. We achieved interest savings of \$33.7 million over the terms of the mortgages by placing these at rates lower than what would have been available to housing sponsors if they simply went to try to renew it on their own.

Our fourth goal relates to a high-performing organization. Our strategies include effective human resource management, including recruitment, retention and promotion initiatives; efficient use of information technology and information management; and commitment to excellence, integrity and continuous improvement. A couple of results highlights under this goal: 70 staff were awarded perfect attendance awards, which is on target, and 28 of the 40 people hired were from one of the four designated employment groups. Again, the next slide simply presents this in a graphic form.

I wanted to move on just briefly to some of the budget issues. The provincial component of the B.C. Housing budget is \$139.4 million for the current fiscal year. As we discussed earlier, that funding is supplemented by about \$90 million from the federal government through our various cost-share programs and tenant rents of about \$30 million. The lion's share of the budget goes directly to support subsidized housing, the majority of which is delivered by non-profit and private housing sponsors. Under the expenditure line there, you see the subsidies that go to non-profits and co-ops, the cost of public housing, rent supplements and administration.

We will continue to deliver an increasing number of subsidized housing units within a capped budget of \$142.4 million in both '04-05 and '05-06. More than 2,700 new units will be added over the next two fiscal years within that capped budget.

Like any business, our business is subject to many of the same inflationary pressures as other private and non-profit housing organizations. B.C. Housing attains mortgage rates through monthly public tenders that are, on average, 1 percent below market for new mortgages and renewals. If rates increase by 1 percent above the budgeted rates of 6.1 percent for '04-05; 6.4 percent for '05-06; and 7 percent for '06-07, the provincial share of subsidy costs increase by about \$2.5 million.

Because housing is subject to inflationary pressures, a 1 percent increase in the rate of inflation above the projected rate of 2 percent impacts the provincial share of subsidy costs by about \$500,000. And because the housing is housing that's in the market, it pays property taxes, utilities, insurance and those sorts of things that are subject to those inflationary pressures.

In terms of wage rates, we are planning no wage increases. Our current union contracts expire in September and December of next year. If we were to see a 1 percent increase, it would mean an additional \$100,000 in provincial funding.

Construction costs continue to rise with the hot condo market. We're faced with the same increasing costs of construction as any private developer, and a \$10,000-per-unit increase in the ILBC program would

increase subsidy costs by about \$800,000 in '05-06 and about \$1.6 million in '06-07.

[0940]

In order to maintain an '04-05 and '05-06 budget within those capped figures of \$142.4 million and continue to deliver the Independent Living B.C. program, significant reductions will have to be made in other parts of B.C. Housing's operation. We will be implementing reduction and efficiencies, including based on best business case.

Examine alternate service delivery models.

Manageable cost reductions in non-profits whose costs are more than 15 percent above average. That's an exercise of working with non-profits who have above-average costs in helping them to get their costs back down to the average or benchmark across the industry. That's a really important exercise for us, because about \$175 million of the budget goes directly to non-profits and co-ops.

Reduce administration through technology. An example is our on-line housing registry and applicant system.

Cost-saving strategies: bulk-purchase gas, bulk insurance in the housing investment program — again, working with non-profit sponsors to try to implement some of those. Fifty percent of non-profits manage only one building in the province, so it's difficult to achieve the economies of scale you might get with larger portfolios. As well, some of the maintenance issues in our own portfolio will have to be deferred, but we will still deal with things like health and safety issues and defer other maintenance projects where we're able to do that.

Again, continue to look at different ways to deliver housing without the need for long-term subsidies.

That concludes my presentation today. I would like to thank you for your attention. We have included an appendix which is a supplement to the presentation. On one page it presents each of the four goals, the measures and the results, so it may be easier to read those.

K. Stewart (Chair): Thank you for that.

Now, before I open in up to questions, I'm going to look to the committee for some direction on this. In the past what we've done is gone around one at a time, question by question. At our last meeting there was some discussion about different formats we could use.

We have three choices here, really, based on our last discussion. One would be to let a member just start and go until they're finished. The second way would be to deal with it issue by issue. If someone brings up an issue of finance or an issue of governance or whatever issue topic we have, we can run out the issue and just bounce around that way. Or we can continue to go around one at a time, as we have done in the past.

I am going to look for a show of hands. There are three options here. The first option is just go to a member and let him run it out — their questions until they finish. The second one would be to deal with it by issue topic, so we'd start with a member and an issue and just bounce around that issue. The third is the way we've done it in the past, where we, in very organized

way, go around one at a time, and everyone gets an equal shot at the air time based on their interests.

For the first option — just let the member run out the questions? We have two for that. Deal issue by issue? One for that. The final one is to go around as we have in the past. So we're going to go with the old, proven method.

H. Bloy (Deputy Chair): Thank you for the presentation. I have many questions, and I'll probably have to put them in written form to you.

K. Stewart (Chair): Just to caution the member, this is the old format of one question per member.

H. Bloy (Deputy Chair): Yeah, I just have one question. That was my preamble.

You're still going through core review. In your core review, how are you looking at the operation of B.C. Housing as a mandate of government? What recommendations are being made into how B.C. Housing will operate in the future? Is there any discussion on privatizing B.C. Housing? Are you recommending that it be put out of the system or continued within the present format in which you operate now?

[0945]

S. Ramsay: It's an issue that's still under discussion. One of the real focuses of core review is to look at things like eligibility and the existing stock and how that can be moved to serve the needs of more vulnerable populations over time and appreciate that a lot of that stock was built up over the last 50 years. The primary client groups initially were families and seniors. Then the real challenge is to look at both the stock that we own and manage ourselves, which is only about 14 percent of it, and then the balance of the stock that's in the private and non-profit sectors and how that can be changed to serve the needs of the most vulnerable.

A lot has been made about the stock we manage. It is only about 14 percent of the provincially funded stock, and that's the property management function.

H. Bloy (Deputy Chair): I guess my question was more on a conceptual basis — on how you see B.C. Housing operating in the future.

S. Ramsay: A lot of our function is to act as a facilitator. We haven't developed or managed any new housing directly ourselves since the early seventies. It's all done through a P3 model in the private and non-profit sectors. I'm assuming you're referring to the balance of the portfolio that we continue to own and manage ourselves as opposed to the oversight role we have on much of the other stock that exists.

H. Bloy (Deputy Chair): No. I'm talking about the oversight role, the full operating functions of B.C. Housing. Where do you see it going in the future?

S. Ramsay: Certainly, with the non-profit and private sector, it's to look at a performance-based system.

The oversight role is certainly lessened for more sophisticated groups. We work with those groups that may need some more support.

We deal with about 650 non-profit groups. Half of them manage only one building. A lot of times they're small operations and may need some supports. A lot of the strategies are working with the non-profit sector organizations on ways to strengthen those organizations so that oversight role can be reduced. I still think there will remain some function within B.C. Housing or in a government entity that monitors the use of those public funds, because they are significant.

H. Bloy (Deputy Chair): Thank you.

D. Jarvis: Thank you, Shayne. You probably know where I am coming from. Right now I'm trying to figure out how I can get all of my questions into one.

K. Stewart (Chair): One thing I'd just like to point out for our witnesses' benefit is that the opportunity will be there. As you go over *Hansard*, if there's a response to a question that you felt you could add more information to, feel free to send that through to the Clerks. Also, at the conclusion of the question period today, if there are any outstanding questions that can be taken in written form, you can respond back in writing through the Clerk.

I just want to clarify that. There is that option. We will also be watching to make sure we just don't run out the clock here.

D. Jarvis: On your slide 14, "Strategic Context," you state that most of the buildings you have were built in the fifties or sixties, so they're 40, 50 or 55 years of age — nearly every one of them. Then in the section under that you're talking about building envelope failure. How do you sort of ascertain...? You have building envelope failure, and you say they're sort of leaky buildings. Do you not have a system where these have been maintained over the years? Why is it that all of a sudden they just...? You've got 270 buildings now that require work, and it's costing millions and millions of dollars. Some kind of system should have been put in a long time ago, I would assume. Maybe you have it. All these units, as you say, are 40 to 50 years of age. Why is it costing so much at this point here just to suddenly start repairing them all?

S. Ramsay: The aging public housing stock refers to those 7,800 units that we own and manage ourselves. For the most part there are no leaky buildings within that portfolio. Within the aging public housing stock, we typically don't have any leaky buildings at all. The 270 leaky buildings that are referred to on the slide are in the non-profit portfolio that has been built primarily in the eighties and nineties. Those are the more recent buildings that have been built which are suffering from building envelope failure.

What typically happened in the private market was that those buildings built in the late eighties and nine-

ties suffered from building envelope failure. Once we began to see these problems in the non-profit portfolio in the mid-nineties, we began to look at systematic reviews of those portfolios to determine the extent of the problem and then initiate a repair program.

[0950]

To date, we've repaired, or buildings undergoing repairs.... There are about 70 of those buildings, and we're working through the balance over the next eight years. Those 270 are non-profits built in the late eighties and nineties, primarily. They're not the old public housing stock that we currently own and manage ourselves.

D. Jarvis: Okay.

J. Les: A comment, if I might. First of all, the more you use the terminology "non-profit," the more my back goes up. I have seen more profits made in the so-called non-profit sector than you could shake a stick at. That's maybe just an editorial comment. It probably would be more accurate to use terminology like "competitive and non-competitive." I think that would be more useful.

Another concern I have is as the government's role in housing expands, it eliminates or tilts the playing field against the private sector and its ability to respond to housing needs. My specific question is.... I guess slides 6 and 8 would refer.... I'm interested in government expenditure and in how much benefit is realized as a result of that expenditure.

We have 33,200 non-profits and co-op units, at a cost to government of \$175 million a year. That works out to something roughly in the order of \$5,000 per unit. We then have rent supplements provided to just over 15,000 units, and that works out to roughly \$2,000 per unit per year. Then we have 7,800 public housing units at a combined cost of \$51.6 million, for a rough average cost per unit of some \$7,000 per year. So we have \$5,000 per unit, \$2,000 per unit and \$7,000 per unit. There's quite a disparity in the amount of subsidy that arrives at each of these units. It is clear, it seems to me, that rent supps are the preferable delivery mechanism to provide housing assistance.

Could you comment on why the cost to government for so-called non-profits and co-ops and public housing is so much higher than rent supplements?

S. Ramsay: Just a point of clarification on the public housing numbers. The public housing numbers of \$51.6 million are not net of rents. If you netted off the rents, the net cost to government of the public housing is around \$20 million. That would be a fair comparison to the rent supplements because rent supplements are a net cost to government, and the non-profit is a net cost to government because the non-profit also nets out the rent. We don't collect rents for non-profits. We simply provide the difference they need.

The fair comparison on the public housing would be to net 30 off the 50 and then do your division of 78. We would expect the public housing to be somewhat

cheaper because it is older and a lot of the debt has been paid off. It's counterbalanced, though, by the increased maintenance and capital improvements that are necessary to maintain that.

The main private sector rent sup program is the SAFER program. It provides very shallow benefits. The average subsidy to a senior is about \$120. That program has been capped since 1989 and has not kept pace with inflation. If the rents had kept pace with inflation, we would have seen some closer cost comparisons there.

In essence, the rent sup is a lot thinner benefit and doesn't cover the difference between what a tenant pays at 30 percent of their income and what it would cost in the private market to rent, because we've capped the level of assistance under the SAFER program. Under the SAFER program the cap for a senior will only subsidize up to \$525 per unit for rent, while the average cost for a one-bedroom unit in Vancouver is around \$800.

We don't nearly subsidize the same level in the SAFER program as we do in the other non-profit and the public housing, where the maximum tenant rent contribution is 30 percent of income. In the rent supplement piece the tenant will be paying much higher than 30 percent of their income on rent, so the cost differences would begin to decrease.

I'm happy to provide more detailed information on that.

[0955]

J. Les: You'll have to do that, because I think you know the picture you're presenting. I'm not accusing you of being nefarious in your intent here, but it's so easy with these things to present a skewed picture. Simply because the SAFER program has not expanded or the benefits have not expanded over time does not mean that all of the recipients are now paying more than 30 percent of their income on housing costs, for example. Actually, you've just made that statement, and I think that's quite wrong.

I will follow up that area later on or in writing with you later.

S. Ramsay: Just a follow-up. The member's right. The whole issue of rent supplements versus new-builds or conversions is a difficult one to measure. Under the Independent Living B.C. program we issued a proposal call for rent supplement units with the Vancouver coastal health authority, and we didn't receive a single proposal from private sector operators to make available units to referrals from the Vancouver coastal health authority.

J. Les: Why would that be?

S. Ramsay: It could be a variety of reasons. Some of the assisted-living developments in Vancouver are more high end. You know, the average cost may be in the \$4,000 to \$5,000 per unit per month range, when there may be some more cost-effective alternatives in the non-profit or the other sectors.

K. Stewart (Chair): Given the significance of the question, I trust you'll follow with a rephrase.

J. Les: I will.

H. Long: Thank you, Shayne, for your presentation. I'll start by saying that in my riding, in Powell River–Sunshine Coast, of course, we have two projects in the process now: Good Sam in Gibsons through the process and another one in Powell River through the Kiwanis Club, which I understand is doing it. It's very significant what's happening with B.C. Housing in my riding right now, so I want to thank you for giving your presentation and being here today. To me it's significant.

Going back to one of your slides on the percentages. Maybe it's a correction, or maybe I missed it — on the percentage, if your increase is 1 percent — what the cost would be. You mentioned that if you had.... On the wage rate you said \$500,000. Is that not \$1 million?

D. Maxwell: No. It's \$100,000, which would be 1 percent.

H. Long: It's a 1 percent rate increase. You see on the wages they've set a 1 percent rate increase.

S. Ramsay: It's \$0.1 million.

H. Long: Oh, \$0.1 million.

S. Ramsay: It's \$100,000.

H. Long: I just thought it was \$1 million there.

K. Stewart (Chair): Okay. I'll just jump in and clarify that, if I may. I did some math on that one too. I'll ask the question now, because I did some math on it — just to help Harold with that question. I went to page 47. This comes from slide 38. On the salaries and labour on your financial notes, page 47 of your annual report indicated that in the year ending 2003 there was \$21 million in labour and salaries. Now, if you take that 1 percent as a 1 percent increase, that would indicate that you actually have \$10 million worth of salary. One percent at \$100,000 would be \$10 million of salary, and you've got \$20 million salary there. I just wonder what that discrepancy is on that.

D. Maxwell: This slide is trying to show the impact on the provincial budget only, because we also receive funding from the federal government and from tenant rents. It works out that only 50 percent of the wages are funded through the provincial budget, so you have to halve it. There's \$20 million total salary budget, and \$10 million of that, funded by the provincial government, times 1 percent works out to a \$100,000 impact, if we have a 1 percent increase.

K. Stewart (Chair): Then you would still have to get another million from the feds?

D. Maxwell: We'd need another \$100,000 from the federal government, yes.

K. Stewart (Chair): Okay. Thank you.

[1000]

H. Long: The second question — two things. I'm going back to Dan's question on the maintenance and these huge amounts of money that are needed after a time. Is there any way that through the process you can build into the rents from the renters a small contingent of money put aside for those maintenance projects and have them participate in it, rather than waiting until the place is falling apart and then doing a major rebuild — where you have proper maintenance in all areas that you handle, even in the private sector — and that there are certain contingencies built in for maintenance and upkeep so we don't end up with these major rebuilds every 30 years or whatever? I guess that could come through a strata fee or whatever.

The other thing is: what's your projection in the future? As you know, aging in British Columbia is growing at a huge rate. I guess what concerns me most is: how many people out there are prepared with their own money — that have put away enough money — to sustain themselves in these units as they grow old? What do you think is the percentage of people that will be needing assistance from your program in the future? Is that percentage going to climb to a large amount? For instance, are we going to have 25 or 30 percent of the people that will be able to...? Will it go to 80 percent, or whatever, of those that will need assistance? What's your projection in the future? Exactly where are we going with people who can sustain themselves and those who cannot?

S. Ramsay: Just to deal with your first question. For the non-profit and co-op budgets, there is something that's called a replacement reserve that's funded on an annual basis. The replacement reserve is designed to pay for things like fridges and stoves when they wear out, and roofs, windows and balconies when those have to be replaced. There are ongoing contributions to that replacement reserve each year in order to plan for the eventual replacement of capital items at some point in the future. A fridge may last 15 years, so you put away a little now so that in 15 years you have the money built up over the 15 years to pay for the fridge or to repave or put a new roof on. There is that component built in.

The problem has been when you have a failure like building envelopes that came out of the blue and wasn't planned. That's where the province has had to step in and provide the funding to repair those buildings so that they can continue to provide good-quality, affordable housing. Then we look at strategies to recover some of our costs.

Your second question about aging in place or the aging population is a really important one. The over-75 age group will increase from 246,000 today to 411,000 by 2021. Only a portion of those will have to be helped

through government-sponsored programs — more pensions available and more income. The entry into the Independent Living B.C. program is all income-tested so that we're helping those seniors that are most in need on the income side. The seniors that have the resources will be expected to obtain the assisted-living environments they need in the private market.

H. Long: I guess that's my question. Do you have any idea what percentage out of those increases will have the ability to pay and those that will not? Because that's a huge one. I know people in my life that have no contingency for retirement at all. As soon as they lose their income, of course, they're going to be at your door for social housing for that reason. I guess my question is: have we any idea how many people...? You said there are a lot of retired people who have money. Do we know how many that is, and do we know where we're going in the future? By 2020 is it going to go up huge, are we going to maintain, or is it going to go down?

S. Ramsay: A lot of those figures have been developed in consultation with the regional health authorities. They have their bed-planning models and their redesign plans that they've put in place, where they're looking at how many long-term care beds they'll need for the population and how many assisted-living beds or assisted-living units they'll need for the population, and they begin to shift more resources into AL. I would be happy to get those numbers for you. I don't have them, but the health authorities have done that planning on a region-by-region basis.

H. Long: Because the pension plan we have right here for all these members.... All of us could be in that social housing group, believe me. Anyway, that's off the record.

[1005]

J. Wilson: I don't see much on demographics here as to where you've gone out and called for tenders for participation. You said you approached the Vancouver coastal health authority, but the northern health authority in my area was slated for 40 units. It seems to have dissipated. What actual work have you done in the interior and the north to support people who are trying to get into some type of living...? What are the waiting lists like? Is it easy to get onto it, or are you waiting for months or years? Just how available is this assistance?

S. Ramsay: The proposal calls have been issued in the interior health authority for both rent supplements and non-profit conversion and new-builds. A number of rent supplements have been awarded across the interior health authority, and we're just currently in the process of evaluating the non-profit new-builds and conversions.

We have developments underway right now under the old program in Williams Lake — a supported hous-

ing development for seniors there — and one under construction in Trail as well. The north has presented its challenges. There has been a proposal call for the rent supplement units, and I believe a proposal call for the non-profits is out as well. We expect to get some proposals in under that, but it is a challenge in the north. There are only about 166 units in total, I believe. I can correct that if that's wrong, but it's difficult to look at how you can economically develop across the north that many units.

Typically, developments like this require upwards of 30 or 40 units to make them cost-effective, but it may not make sense to put 40 units into Terrace. So there we're looking at some innovative partnerships with the private sector and non-profits, where you may be able to do it as part of larger developments and really focus on rent supps in those locations, where we may only need a few units and the private sector may have a good operating facility there.

J. Wilson: Do you have a breakdown as to the number of people that are on your program in the lower mainland and Vancouver Island compared to the ones that are in the interior and the north?

S. Ramsay: Yes. The total wait-list provincewide right now, or as of September 30, is about 11,442 households. In Victoria the total applicants are about 1,200 households; at our office in the interior, about 203; in the north, at our office in Prince George, only about 12 on the wait-list.

P. Wong: In respect to the waiting time of applicants, what is the lead time for that in Vancouver?

S. Ramsay: A waiting time for an applicant on the list?

P. Wong: Yes.

S. Ramsay: It's a bit of a misnomer to call our housing applicant list a waiting list, because it really isn't a waiting list. It assesses each applicant as they come on, based on their need. So if you're in a high need, you in fact may get on the list last month and may be offered a unit in a month or two. Some people may, in fact, sit on the list for years if their need is not as high and may not ever be housed in the non-profit or the public housing portfolio, because it is a needs-based system. Those that are in the worst need get housed first.

P. Wong: But you understand that recently in the newspaper, we've seen a lot of demand in housing requirements. How do you address the need? You said that the people needing the housing should be served first, but it appears to me that a lot of people are still waiting for their housing needs. How do you address that?

S. Ramsay: The basic answer is that we have more than 11,000 households on the wait-list. We don't have

that many units to go around, so they get rationed out based on need. Those people will have to find other options in the private market. They're not likely to get housed in a subsidized housing portfolio, because it is a needs-based system. It will be those in most need that get housed more quickly.

[1010]

P. Wong: In your report you mention that you achieved all these target numbers, and I don't know who actually determined all these numbers. Is it by the board of commissioners? You achieved your targeted goals.

S. Ramsay: Yes.

P. Wong: Who set up these target goals for the organization to achieve?

S. Ramsay: Those are proposed by management and adopted by the board.

P. Wong: By the management, not by the.... You said in your annual report that you have a board of commissioners, but I don't see any names of commissioners at all in the whole annual report. Why is that absent? This is an important part of the whole operation, isn't it?

S. Ramsay: Yes. B.C. Housing is still undergoing the core services review. For the last two and a half years we've had an interim board, and in fact it is only one person who has been the acting chair of the board for those last two and a half years.

P. Wong: So there's one active. The others on the board of commissioners are practically inactive.

S. Ramsay: There are no other members on the board. The board is composed of only one person.

P. Wong: Only one. Okay.

I understand the relationship between B.C. Housing and PRHC. What's the long name of PRHC?

S. Ramsay: It's the Provincial Rental Housing Corporation.

P. Wong: Which owns all the properties?

S. Ramsay: Yes.

P. Wong: And you are the managing arm of that?

S. Ramsay: That's right.

P. Wong: What's the total portfolio — like the land value — owned by PRHC?

S. Ramsay: We'll just get that from the financial statement. On page 60 of the annual report there's a balance sheet of the Provincial Rental Housing Corpo-

ration. The assets of the corporation at the end of March 31, 2003, were \$348.441 million.

P. Wong: Obviously, that's the historical cost of the land value and also the buildings — isn't it?

S. Ramsay: Yes.

P. Wong: What is the average cost for you to accommodate one family? I want to see how you maximize the use of our investment in the housing corporation. Do you have any idea how many people are accommodated under your housing commission or how much it costs us to provide housing for each family?

S. Ramsay: The provincial share of our budget is \$139.4 million, and that goes to support about 56,000 households.

P. Wong: So you divide that. But you have considered the contribution of other non-profit organizations as well.

S. Ramsay: Yes. A lot of their contributions come when we're developing new housing. If we have a proposal come in from a non-profit, what we want to see is what kind of equity they're bringing to put that new development in place. Are they bringing some land or some equity? Have they formed other partnerships with the private sector or with a municipality to bring some other equity to that development? The benefit to the province is that it reduces the overall capital cost of the development, which then costs us less — on an ongoing basis — to fund.

P. Wong: One of the interesting projects you just mentioned is the Little Mountain redevelopment project. I understand that in developing this project, the FSR — the floorspace ratio — is very, very important in determining the cost per unit. How do you work with the city of Vancouver to maximize the use of land? Do you have any...?

[1015]

S. Ramsay: That is a particularly interesting one. The city of Vancouver is now beginning the planning process for that area in Vancouver. We've been asked to participate in that because one of the things that will happen at Little Mountain over the next ten years is that the site will need to be redeveloped. You're quite right. When it was built in the mid-1950s, it was built at a very low density. It occupies about 15 acres, and there are only just over 200 housing units on that. The density can increase substantially. One of our goals will be to look at getting a higher density on that site, marketing it to the private sector and then working with a private sector partner to get the most value from the site but also to redevelop the existing social housing that's there already.

P. Wong: I understand that most municipalities allow more leniency for ratio to build social housing

and seniors housing. I hope you can maximize the use of it to make the best use of the land so that it will reduce the cost per family, per person in that regard.

S. Ramsay: Yes.

P. Bell: I'd like to refer to your goal No. 2, Shayne: "client-focused service delivery for those most in need." I have a bit of a concern.

Before I get to that, I just want to mention one other thing. I am somewhat computer literate. It took me some time to find your service plan on your website. I could not find a direct link from your website to the service plan. I did a search and got it that way. Typically, Crown corps will have a direct link to their service plan just to make it a little easier for people to find it.

S. Ramsay: Okay.

P. Bell: Your second goal. Two of your three objectives, I feel, don't relate directly to the goal. One of your objectives, "provide access to well-managed public housing," does not specifically address those most in need. The second objective, "ensure the long-term quality and viability of the public housing stock," does not speak directly to those in need. Arguably, the third one has a link to those in need.

Under your key strategies, a couple of them.... The second one, "efficient management of public housing through progressive capital planning process and sound maintenance practices" and the fourth one "ensure that our management is responsive and client-focused through periodic surveys," don't, for me, link to the goal. Of all of your performance measures, the only one that links for me would be the third one, "families and individuals with complex housing and health needs assisted through access to public housing." Then you've got a gradually increasing ratio.

One of my questions is: is there something that I'm missing there? Or do you think perhaps that's an area that you could refocus your plan to more accurately reflect your goal?

The second question which is a link to that is.... You're referring only to the 7,800 units of public housing that are jointly funded by the federal and provincial governments. I don't remember the exact number, but there are 60,000 or 50,000 housing units that we support. I don't remember what the number is. If we're talking about delivery for those most in need, shouldn't we be talking about the global picture of all the housing stock as opposed to just the 7,800 units? I guess it's kind of two questions.

S. Ramsay: I'll try to tackle your first one. We are probably mixing some strategies in this one. To us, it's really two issues. Because we're responsible for the management of that housing stock, there is really the business side of that — things like rent collection, maintaining that stock so that it's viable on an ongoing basis, so kind of the typical or strict property manage-

ment pieces that an organization or property manager would be involved with.

The second half of that is.... You're right. We also manage the access to those units and are trying to create opportunities to house people with more complex health needs. To us, it was two parts. You had to maintain the physical stock in order to create those options and then be able to move people into well-maintained housing that can last over the long term. There is a mix of measures in there. How are we doing in getting people with complex needs in? Secondly, how are we maintaining the physical stock over the long term?

[1020]

P. Bell: I'm okay with both those objectives. I don't have a problem, obviously, with being responsible in the way that we manage rent collection and all that stuff. I'm fine with that. I just don't think this is the place to talk about that.

I think that perhaps a fifth goal needs to be brought in. You could bring that in under goal No. 3, if I recall. It's just a recommendation or a thought for next year in terms of when you establish the plan so that it more reflects.... If I were someone in need and I was reading this section, I would say: "Boy, they might be paying lip service to it, but they're not really doing much about it." This would be my reaction.

S. Ramsay: Okay.

P. Bell: Then the second question is: is there a reason why we're only talking about the 7,800 units in this particular segment, as opposed to...? I think the direction from core review, although somewhat incomplete.... Our direction to you so far, I believe, has been that we want to focus services on people most in need, because we realize that it's not possible to meet everyone's needs all the time.

S. Ramsay: Right. The way we tried to do it was that goal 2 was focused on the 7,800 units we're involved with. We have more direct control over those, obviously, because we co-own and manage those. Then it was really goal 3 that talked to the broader subsidized housing portfolio where most of the units are — the 33,000 units in the non-profit and the 15,000 units in the rent-supplement, private market.

It was really trying to focus on the same kind of issues — access to vulnerable populations — in goal 3, as well, to try to keep them separate, because the strategies will be quite different. We're dealing with other owners and managers of housing as opposed to us being the owner and manager. We can make some decisions and some partnerships more directly in our own portfolio, but we have existing agreements and contracts.

Non-profits manage their own housing, so the strategies would be a bit different working with them to try to help them begin to refocus to meet some of our provincial housing priorities around the most vulnerable. It'll be an issue of persuasion and working with

them and providing the appropriate supports for them to say: "Well, you know, we're now in our family development. We think we can take a couple of moms who are leaving abusive relationships if you've provided the proper support services." Or working with some of the senior non-profits to take younger adults with a mental illness, what kind of supports are they going to need in order to take on some of those challenges? The strategies were a bit different. That was the reason for goal 2, and then goal 3 focuses on the balance of the subsidized housing.

P. Bell: Okay.

K. Stewart (Chair): I'm going to use goal 3 as a bit of an example of some deficiencies I found within the plan. Hopefully, you'll have some answers with regard to that. That's basically looking at the goals, solutions, measurements and comparables.

Taking goal 3 as an example, we looked at a sustainable local housing solution. There was a strategy that put out a general strategy of what you're trying to do — solutions with some results. But what's missing in there is what you're.... You had some results, so here's what you attained. But it wasn't clear what your goal was, moving into that — what you wanted to attain. Nor were there any comparables outside of your own information. There was no external sort of audit of what you are trying to attain, what you set as your goal or what you achieved as your goal.

What you have is a strategy — which is good. You had some solution suggestions, and then you had some outcomes. But there wasn't a forecast of what would have been a successful solution or target in there. I went through the whole plan and your presentation with regard to that, and I didn't see that full connection in the report.

What I'm looking for is that you clearly state what your goal is. Clearly state in some type of measurable terms what that is. Then come back and say: "Based on what we were trying to achieve, this is where we've got to. Then, we're going to support that by outside comparatives from other organizations or some measurement that corresponds to what we're trying to do from an external source." That's my question to you: how is that connection portrayed, or is it not?

[1025]

S. Ramsay: Well, we tried to make the links. B.C. Housing only operates within a small part of the housing market. As I said earlier, about 95 percent is provided by the private market. Then we're focused on those most in need and operate within the programs established by government. When we see targets like "increasing number of households assisted through non-profit and co-op housing," that's directly related to government programs and to us, as a delivery agent, being able to achieve those units over time.

You'll see where we tried to make those links to the outcomes and the performance results, as you see in "increasing number of households being assisted

through non-profit and co-op housing." That's being created through programs like the Independent Living B.C. program, the provincial housing program and increased rent supps through the Independent Living B.C. program, so you see some increases over each of the three reporting years. It's trying to link back the financial inputs from government, using those in order to increase housing options.

I take your point about, particularly, the area of cost comparators with that, where you're going in the.... How do we know non-profits are operating efficiently? How do we know that B.C. Housing, on the property management side, is operating efficiently?

K. Stewart (Chair): Two things. Your last two questions are key as to why you're here: to give us answers to those two questions.

The second part of that is that there are increases, but what's your target increase? Are you targeting 5 percent, 6 percent, 12 percent? Have you reached that? You're saying: "What's success of an increase?" Is 1 percent a success? Then what efficiencies are we seeing on the other side of that? That's what I'm looking for.

I'll just leave it at that and move it to Harry for the next question.

H. Bloy (Deputy Chair): I'm not sure if I'm going to ask a question or let it go on.

Listening to all the questions that have been asked and the numbers — 7,800 units, 56,000 units, 59,080 on another page.... We talk about the income from the provincial government, but there's no mention of revenues as a percentage of the clients' income that they're paying towards rent. There's no mention of federal subsidies.

I can look at some of these numbers and say, "Well, based on 59,080, you're subsidizing each unit by \$5,118" — I think I divided it out at. Now you add \$9,000 that you're getting in rental income, and then you add a federal subsidy, and then you add what the non-profit did, because there was no capital cost.

Are we, in fact, running a unit at \$20,000 a year that in the private tender market may only be worth \$11,000 a year? I don't see any of that relationship in here. I became more confused as the questions went around as to exactly what B.C. Housing.... I understand the goal that they're trying for, but I don't understand where they're achieving it and what the value is that you offer to the system.

I'll leave it as a statement, or you can reply to it later — or now.

K. Stewart (Chair): Shayne, I think what's being expressed by Harry is what we're looking for. I guess the feedback you're getting is some of those things we haven't seen yet. If you have a specific answer to his question, fine. If not, we can move on, or you can give some consideration to it and send it back to the Clerk with writing, because you'll have an opportunity again.

I want to touch on the process. We will be taking feedback from the members for a period of time. There is a period of a couple of weeks, at least, that you will

have an opportunity to go over *Hansard* if you have fuller answers to send back and maybe for some of those queries. In that context, I'll give you the opportunity to either respond now or hold off till later.

S. Ramsay: We'll put some of those numbers together. Maybe at some conceptual level we could just walk through a typical non-profit unit and how that gets developed now and what the costs of that are — how the costs are figured out — and then what the annual subsidy is. The non-profit comes in with a proposal, like the Inlet Centre one.

We look for a lot of partnerships, and the partners to that one brought capital costs of about \$5.3 million. That particular development was a design-build development between the Greater Vancouver Housing Company and Career Developments. The way we ensure cost-effective or cost.... The way we look at costs is that on a design-build, because there isn't a public tender in that case.... Some of our projects are public tender; some are design-built.

[1030]

We do QS. QS is a quantity survey to make sure we are getting good value for the money. If the capital cost of that building was \$15 million and that was demonstrated through independent third parties, the capital cost is reduced by the contributions from the other partners down to, say, \$10 million. That's the amount that's then financed as part of that entire 100-unit development.

Then tenants are selected based on those in greatest need. They are all income-tested and verified so that we know we're serving those in greatest need. What they can afford to pay is typically based on 30 percent of their income, so you take the total cost for that development.... If it's a debt service of \$10 million plus the operating cost — taxes, utilities, maintenance — that becomes a total cost, less what the tenants pay in rent at 30 percent, throwing off what the annual subsidy is on an ongoing basis from B.C. Housing or the provincial government. The capital costs are controlled, the admission system is controlled, tenants are income-tested, and then we simply provide the difference to the housing operators.

H. Bloy (Deputy Chair): But in your mission statement you say you only take frail seniors as number one. What if they don't meet the income-testing? What is the priority? Is income the first and only priority, or is it a frail senior?

S. Ramsay: It's both. In that particular case it would be a low-income, frail senior. There are more than enough low-income frail seniors or in the hospice to fill up those available units in that development.

H. Bloy (Deputy Chair): I'm very familiar with that development. I have a number of questions I'm going to submit through the Clerk that they'll send to you.

D. Jarvis: Shayne, going back to the building envelope failure again. I assume, of these 270 leaky build-

ings you say, that they are owned outright by the government and that the \$150 million is a fairly close estimate. Do you put all those repairs out for tenders? If we own these buildings, why are we repairing them with taxpayers' money when we say there are insufficient moneys to go out to look after some of the other poor souls that have leaky condos?

S. Ramsay: In fact, all of those buildings are owned by non-profits. None of them is owned by the provincial government or B.C. Housing. These are all non-profit developments that were built in the late eighties and nineties, primarily. They're non-profit developments that are housing low-income families and seniors, people with disabilities. There's no ability for those income-tested people to pay the cost of the repairs.

What we've done is provided the technical advice to help the non-profits repair the buildings and, in fact, provided the funds to get the buildings repaired. All of the repairs are tendered. We use independent consultants to provide us with the best advice around the most appropriate repairs.

B.C. Housing has actually now been recognized as one of the leaders in the building envelope repair business. We're just about to enter into a contract with the Canada Mortgage and Housing Corporation, where we'll take on the responsibility for the technical assessments and coordinating the tendering for all of the federal leaky co-op buildings in the province. That probably will equate to something like 60 buildings and \$100 million in repairs. We're also working with the Ministry of Education and the Ministry of Finance around the assessment of leaky schools and helping them out with the assessment protocols and prioritizing the schools for repairs.

D. Jarvis: How much will we receive for that?

S. Ramsay: From CMHC? It's based on a percentage of the total repair cost. In fact, all of our costs will be recovered through that.

D. Jarvis: That was the point, then. I'll just add on to that. All our costs will be recovered, but is there any profit being made out of this at all? We're just recovering our costs?

S. Ramsay: Our strategy there, member, was simply to provide that service, based on our expertise, to the federal co-ops. That group of housing is providing low-cost housing as well, and we have the expertise, and it allows us to continue to build that expertise and also make it available to the Ministry of Finance and the Ministry of Education around the repairs to leaky schools.

[1035]

J. Les: Just carrying on from the example that Dan just raised, I think it provides another example of how, with the ever-increasing involvement of the public

sector, the playing field gets tilted against the proper operation of the private sector. Here we have an example of where there's a benefit available to people who happen to be housed in this kind of housing that is not available to the people who support this kind of housing in the private sector. We have thousands of condominium owners in British Columbia who've been affected by this phenomenon. Many of them are still struggling to deal with the problem, but if you happen to be in a facility that is supported through B.C. Housing, it's okay.

When you said earlier, for example, that the Vancouver coastal health authority went out and requested a certain type of housing to be supplied through rent supps and that there was no response from the private sector, I suspect a lot of that has to do with the private sector knowing that the deck is stacked against it from the get-go. Certainly, in the current market, they have other things to do.

You also talked about the Inlet Centre, and let me say from the outset that I know little, if anything, about the Inlet Centre, but I was interested in your description of the design-build process. Can you perhaps in a nutshell give me your understanding of what a design-build process consists of?

S. Ramsay: As different from a tender, the design-build process is where the developer provides you both the architectural services and the construction services to get a building completed within a fixed price, so both ends of that are within a fixed price. Under a general tender, the society would retain an architect and do a set of plans, and then those plans would be tendered with the specifications in the private market.

J. Les: Great. It's important, of course, in a design-build process that you maximize competition — right? There needs to be a competitive proposal call, and I'm not sure I heard that in your description earlier of how the Inlet Centre, for example, was produced.

S. Ramsay: In fact, there is a broad provincewide request for proposals, and under those requests for proposals we get submissions from non-profits that want to build a variety of developments across the province. Each of those is evaluated against each other. There would be a mix of tenders, a mix of design-builds in that, so they're all evaluated based on criteria that are transparent and available beforehand — things like capital costs, the zoning issues, location, need and demand and those sorts of things. All of the projects are competing against one another on those criteria.

J. Les: We won't have time to get into it here, but I suspect I've got my finger at the moment on a very serious flaw in that proposal-call process. You simply cannot have people proposing design-build projects and design-bid projects in the same process. That's ludicrous. You're asking apples to compete against oranges.

K. Stewart (Chair): I would like to redirect this question back to Shayne. Maybe he can explain what part he has in developing that policy as compared to the policy being delivered to you to implement. That might make it a little simpler, I trust. The policy of the design-build and the P3 — how much of that is an internally developed process that you do with your duties? How much of that comes through your mandate?

S. Ramsay: I'm not sure I understand the question completely. The funding envelope is established by the province; then B.C. Housing establishes the basic program parameters. And how proposals or projects are selected to proceed?

K. Stewart (Chair): I was trying to clarify it for the purpose of the member, but maybe I'll go back to the member. If he can try and clearly state what the question was, we may have been better off leaving it at that. Go ahead.

J. Les: I don't think we're going to be able to sort that one out this morning. I'm sitting here thinking that perhaps I wouldn't mind spending a few hours talking directly, informally, to sort some of these things out. These are complex issues, and we're just basically scratching the surface, if that, on some of these things. I don't want to attempt to get into an in-depth discussion, because there are obviously other questions that we've got to raise.

[1040]

I would appreciate an opportunity to sit down and discuss that in more detail and then perhaps recanvass it on the basis of that at a future meeting.

S. Ramsay: Sure. I'd be happy to do that.

K. Stewart (Chair): Again, just to bring it back into the context of an evaluative process, more so than a policy-driven discussion here....

J. Wilson: You use the word "non-profit," and I'm a little confused. Maybe you could help me out. If you take on private partners in a project, are they not in it for profit?

S. Ramsay: Yes.

J. Wilson: How do you set the amount of profit you're going to...? Say you're the major component in a development project, and you're in it for a non-profit, but your other partners are.... How do you set the level of profit there?

S. Ramsay: The way we achieve that is through a competitive call for proposals. All the proposals are stacked up against each other and evaluated across those criteria. One of the criteria is cost. One of the criteria is how much equity is being brought to the arrangement from our perspective. Location, zoning all become criteria against which that proposal is evalu-

ated, and cost is one of those. Within that cost, you'll have all of the costs for that particular project built into that.

We're not setting.... Is a 12 percent return a reasonable one for a developer, given the level of risk? We don't get into that. We just look at the total cost to bring the project to reality.

J. Wilson: You're looking at the development costs. That's nice, but what happens after you get the project built and then you're getting a stream of revenue coming in? How are you going to establish what the tenants are going to pay for rent and how much you're going to pay down the road to that developer in this program? The developer ends up taking the money you give them. What do you have there for a control?

S. Ramsay: Once the building is completed, typically, the developer role — unless it's a rent supp, where the developer or the private owner would still be involved.... The developer has built the building and is out of the picture except for warranty issues and things like that. On the management side, when an applicant makes an application to move into a building to get a subsidized rent, that person's need is checked against a set of criteria. Their income is verified by third-party information so we know when that person moves in that the person is in need. Then what we do is subsidize the difference between what that tenant can afford to pay and what it costs to operate that unit.

The way we control the non-profit operating costs is to look at benchmarks across the 33,000 units. We expect a non-profit to be able to operate within this certain band, and that's how much subsidy they would get. It's all based on that benchmarking of costs so that we're paying out average costs and we're not paying out something exorbitant. We do check that way as well.

J. Wilson: Now you've lost me again.

S. Ramsay: Sorry.

J. Wilson: You say the developer, once the project is complete, is out of the picture. So then you own the building?

S. Ramsay: No.

J. Wilson: Then who owns the building?

S. Ramsay: It's the non-profit entity that owns and manages the building.

J. Wilson: Who is the non-profit entity?

S. Ramsay: The owner of Inlet Centre is the Greater Vancouver Housing Company, and the land is leased from the city of Port Moody. B.C. Housing simply provides operating subsidies on an ongoing basis to bridge

the gap between what all those 96 tenants pay in rent and what it costs to operate that development.

J. Wilson: I take it there are other companies out there that are non-profit. This is not the only one.

S. Ramsay: No. We deal with 650 non-profits across the province.

J. Wilson: All of those operate the same? There is no opportunity there for the owners to have a profit?

S. Ramsay: No.

[1045]

J. Wilson: I was going through some of your meetings here, and I noticed you were referring to landholdings that you could put into different categories for tax exemption. If you put this land that this building is built on into an area that's tax-exempt, is that not a direct subsidy to the developer? It's in direct competition with anyone out there in business, because everybody that's in the rental business has got to pay taxes. If you're tax-exempt on your land, that's a huge benefit to you as an ongoing operation.

S. Ramsay: In the majority of cases, non-profits do pay property taxes to the local government. In all of the 7,800 units that we own and manage, we pay grants-in-lieu equal to the full cost of taxes in those communities. In some cases, in order to attract a development, a municipality — and this has happened in some recent years — may grant an exemption to property taxes for that non-profit, which reduces the operating costs.

That's something that we've come more and more to expect, and that's where we decide, if we're going to put provincial funding into a certain area, how much is the municipality willing to do to provide land, waive DCCs or waive property taxes.

J. Les: Again, you're into an area where the private sector developer cannot do any of those things — right? So again, you're tilting the playing field — what I was trying to refer to earlier.

S. Ramsay: It becomes a local government decision in order to support a particular client group — frail seniors with low incomes that may not have private sector options out there. That's the whole target of our housing programs: focus on the needs of the most vulnerable. In most cases, that's not a market the private sector can provide housing for.

J. Les: I disagree.

K. Stewart (Chair): One thing: if we can just keep it to policy and try to keep our order here. There are some policy issues there that are really outside of what we're trying to do today. If we're completed with.... John, are you satisfied with the answer to this point?

J. Les: Yes.

K. Stewart (Chair): Okay, now we'll move over to Patrick.

P. Wong: I'd like to put emphasis on maximizing the assets that the province owns in the Provincial Rental Housing Corporation. You mentioned on the financial statement that the book value of the investment in land and buildings amounted to \$350 million in 2003, which is on page 60 of the annual report.

On the following page, 61, the lease revenue generated from this \$350 million was only \$2 million — \$2.120 million — which is less than 1 percent of the land investment — not to say the fair market value of land and buildings is much higher than the book. In view of the very low return, which is less than 1 percent of the book value, how do you justify that for such a low return?

D. Maxwell: The majority of that land that's held by the Provincial Rental Housing Corporation is leased to non-profit societies that operate projects that B.C. Housing provides subsidy to, so we could charge a market lease to those non-profit societies. What that would do would be to increase the operating costs. Then we would turn around and subsidize a greater subsidy payment. It doesn't make sense to us to charge market lease payments on those properties, because we would, in fact, just turn around and subsidize it ourselves back through subsidy payments to the non-profits.

Their only source of revenue is from tenants. By definition, you qualify for housing in those projects because you have a low income and other needs. The amount of subsidy we're providing is the difference between the rent that the tenants are able to pay and the actual operating costs of the buildings. If we increase the operating costs of those buildings by higher lease payments, we're simply going to increase our subsidy costs. We'd be paying it back to ourselves.

[1050]

P. Wong: The problem is that we're subsidizing on two levels. One level is that the land is leased to a non-profit organization at a low rent. On the other hand, for the tenants leasing all this property, we're subsidizing on the individual level of each tenant. So we are actually doing two levels of subsidies. Is that correct?

D. Maxwell: We don't provide subsidy directly to the tenant; we provide it to the non-profit that operates the building.

P. Wong: So the money will be sitting in the non-profit organization, if there is a surplus. Do you have any clue or any statistics about any surplus situation in the non-profit organizations?

D. Maxwell: Generally, they don't earn surpluses on the operations of the buildings. We provide just enough of a subsidy to cover the operating costs.

P. Wong: I met with a number of non-profit organizations in Vancouver last year, and some of them said that they have some substantial surpluses. Do you have any opportunity to review the financial statements of these non-profit organizations?

D. Maxwell: All of the non-profits that we provide subsidy to must report to us annually and provide audited financial statements. We review those and compare them against benchmark operating costs that we would expect to see. For those that fall outside of the range, then we select them for further in-depth reviews through B.C. Housing.

In every case we are looking at the non-profits and their operations. It's true that some of them operate with surpluses because they have operations that go beyond those things that we subsidize. It could be in their other areas of operation that the non-profits are able to generate these surpluses.

P. Wong: I also learned that some of these organizations are in fact using the borrowing power of their organization. That means they have a net positive cash flow generated from their rental revenue. By the same token, for a provincial rental housing corporation with such a huge investment at book value, \$350 million, I look at the long-term debt of the financial statement, which is only \$135 million. Are we actually under-leveraged?

D. Maxwell: The majority of the housing that we're building ends up being owned by the non-profit societies, and then they carry the mortgages. So all of the debt that's related with the majority of the housing that we subsidize doesn't appear on B.C. Housing's or PRHC's or the province's financial statements. It ends up being off-book debt, if you will. It's debt held by the non-profit society that's also the owner of the building. What we're doing is providing ongoing subsidies under long-term operating agreements. In effect, we're providing the monthly mortgage payments to those societies under 35-year operating agreements, but the province doesn't bear the debt. The model is for the non-profits to hold that debt.

P. Wong: Also, I understand you have a lot of agreements with the federals under CMHC, but I don't see that many agreements or any affiliation between your organization and the municipalities, notably the city of Vancouver. Is there any reason for that? In Vancouver I can see the demand for housing is so heavy that it requires a lot of effort. In your mandate to provide more housing, do you have any suggestion to alleviate the situation?

S. Ramsay: We enjoy a range of partnerships with the city of Vancouver, but typically what the city has done is made city land or acquired land available. They lease it to non-profits, and we provide the assistance to non-profits that build the building and mortgage the building, and then we provide the operating subsidies.

There are more than 20,000 units of social housing in the city of Vancouver, and all of it has been built under federal-provincial-city and provincial-city partnerships over the past 30 or 40 years.

P. Wong: In your building....

K. Stewart (Chair): Excuse me, Patrick.

P. Wong: One final question.

K. Stewart (Chair): We did decide that we were going to go around, and we've given you about four.

P. Wong: Okay. Thank you.

K. Stewart (Chair): Let's just let some of the other members get to it, and we'll get back to you.

[1055]

P. Bell: Shayne, in goal No. 3 in your service plan the second objective is provision of affordable housing options to those most in need in the private rental market. Can you just point to the performance measure that relates to that, so we'd know how we would evaluate that next year at this time to see if you were successful in achieving that objective or not?

S. Ramsay: That's assistance to households in the private rental market, the fourth performance measure down. This year our target is \$15,100 and going up to \$15,600 and \$15,600 in the....

P. Bell: I see that, but I'm not sure how it relates to those most in need. I guess what I'm struggling with here — perhaps it relates to my first question as well — is how we.... I'm sure you have a process. I just don't see it. When we have five people lined up that are looking for assistance and we only have sufficient assistance to help two of those folks, how do we ensure that the two that are most in need get that assistance?

S. Ramsay: What this doesn't do a good job of showing is that the increase in those units costs provincial dollars. Those provincial dollars come from the Independent Living B.C. program primarily or the program to support people with a mental illness. It's increasing units for only those two client groups. That's the only reason why those units will increase. They have to be funded under ILBC or the supported independent living program. Then there are specific criteria to select. Frail and low-income seniors and people with a mental illness — those referrals will come directly from the health authority, who have case-managed or selected those people based on their medical assessment of their need.

P. Bell: The health authority, basically, is providing you with that service of determining who is most in need, then. Is that accurate?

S. Ramsay: It's a joint income piece that we would do, and the health authority would do the case-management side on the medical needs of the person.

P. Bell: I know it's a priority for this government to try and help people most in need, with the recognition that there will always be folks that you can't get to in any situation, especially in tight fiscal times. I just think perhaps a better outline of that.... How do you measure it? Who are the folks we're trying to get to? A better explanation of that process would be worth it, from my perspective, because then I can point to it, I can look at it, I can understand it, I can measure it and I can hold you accountable for it at the end of the year.

K. Stewart (Chair): We're now just at 11 o'clock. I'm going to open it to any short, last-minute questions. I see we have one over here. Patrick, did you have a short little one, after I go to John?

Let's keep them short, because we do have people on time schedules, and we have some other business to conduct here.

J. Les: I have a brief request. You mentioned earlier that you subject the non-profits that show unusual surpluses to a higher level of audit. Could you provide me with a list of non-profit agencies that have been required to undergo a more thorough audit as a result of significant profit? I look forward to receiving that from you.

The other issue is that you mentioned in passing, as an example, a property in Vancouver of about 15 acres that today houses something like just over 200 housing units. It would seem to me that in today's commercial real estate market, there has got to be very, very substantial equity locked up in that property. Have you undertaken any initiatives to realize some of that value, to provide either a reduction of your debt or perhaps renewed housing stock? Any initiatives at all in that regard? What are we doing?

[1100]

S. Ramsay: In fact, we've undertaken a process to survey those older public housing sites, and I have identified the ones that are prime candidates for redevelopment. The Little Mountain site is one of those prime candidates. But the way the ownership structure is now.... I mentioned earlier that most of the public housing sites are co-owned with the federal government. That particular site at Little Mountain is 75 percent owned by the federal government and only 25 percent owned by the province.

We also talked a little bit about the devolution deal, where federal administrative was being transferred to the province. Well, in addition to taking on the administrative responsibility for the federal stock, which is around 20,000 units, the other benefit to the province is to secure 100 percent ownership of those older public housing sites. So it only makes sense under a devolution.... It makes better sense under a devolution deal to proceed with redevelopment when you own 100 per-

cent of that value and then can redevelop it, replace the existing stock and do a big market component there — because that's a very desirable market site as well — to extract the value from, but to do that after you've secured the 100 percent ownership.

J. Les: One more quick question. How many housing units does the GVRD own or control?

S. Ramsay: I'll get the exact figure, but it's slightly more than 3,000, from what I remember.

P. Wong: My short question is: what is the square footage per person in the houses that you manage? I understand some other countries actually give about 50 square feet per person. I want to see how it compares with the size of our accommodations, because the smaller the housing that can satisfy the basic need, the more people you can accommodate. Do you have any numbers?

S. Ramsay: Yes, we do. We have typical average unit sizes for bachelors, ones, twos and threes, and we'll be happy to get you those figures.

P. Wong: Thank you.

K. Stewart (Chair): We appreciate your participation today. What we are going to do now is come back in camera, so we will have a short break. Again, we appreciate you coming today.

We will be reporting out, I would anticipate, not before the end of this session — meaning that we won't be able to present to the House until our spring session. It will be, in my anticipation, early in the spring before you get some feedback.

I would also recommend to you that the *Hansard* will be out within a day or two. You might want to just go over that, and if there's anything you'd like to add, within two weeks please send it through to the Clerk's office. We'd appreciate that.

Thank you for your participation today.

S. Ramsay: Thank you.

K. Stewart (Chair): Members, at this point I don't want to have to track everyone down. I'll be looking for a motion to go in camera to review this session, and then we'll continue on.

We have a motion to move in camera from Jarvis, seconded by Harry Bloy.

Motion approved.

The committee continued in camera from 11:05 a.m. to 11:24 a.m.

[K. Stewart in the chair.]

K. Stewart (Chair): We're now back from in camera. Is there any further business that we have for to-

day, other than a quick update from Jonathan on our next meeting?

J. Fershau: Our next meeting is with the Oil and Gas Commission. It will be next Wednesday in this room, 9 o'clock to 12 o'clock. They're sending down the minutes for their board meetings. They should be arriving, if they're not here today, in the next couple of days, and those will be distributed to the members. I'm waiting on their presentation. It should be done today. That would give them today as a deadline, so that will be distributed as well. The links for their service plan and annual reports will also be sent out to you shortly.

[1125]

K. Stewart (Chair): Okay. We appreciate that. Motion to adjourn.

Interjection.

K. Stewart (Chair): The Clerk has just reminded me that we want to publicly comment, to bring an item from in camera to the public domain. That is the request to do

a governance survey for the Crown corporations with regard to forward operation, with a series of questions of the ministry it reports to, the membership makeup, remuneration, frequency of meeting and minutes for the past four years.

S. Brice: So that the report or requests might be brought into open meeting.

K. Stewart (Chair): And there were some time lines attached to it. The requests would go out prior to December 15, to be completed and received by the Clerk's office by January 25. Is that correct?

S. Brice: Consider that a part of the motion.

Motion approved.

K. Stewart (Chair): So it was moved by Susan Brice, seconded by Harry Bloy and approved by all. Do we have a motion now to adjourn?

The committee adjourned at 11:26 a.m.