

2015 ANNUAL REPORT

# Sailing to Byzantium



The Agency for Co-operative Housing  
L'Agence des coopératives d'habitation



## Table of Contents

The Artifice of Eternity: Chief Executive Officer .....	3
Board of Directors .....	5
The Agency as It Stands .....	6
Clients and Client Service .....	7
What is Past, or Passing, or to Come .....	10
Mortal Tatters: Concerns and Complaints .....	15
Financial Highlights in 2015 .....	16
Staff List as of 31 December 2015 .....	17
Values, Mission, Vision .....	18

# The Artifice of Eternity: The CEO's View



*Alexandra Wilson*

Over its nearly ten-year-long life, the Agency has delivered steadily on the commitments it made to the co-operative housing movement and Canada Mortgage and Housing Corporation (CMHC). As promised when it hovered between a dream and a business plan, with as yet no corporeal existence, the Agency's watchful care has brought housing co-operatives as a group to stronger performance on every business measure. As gratifying, most of our clients say they are well satisfied with the service they receive from our staff, whose observations and advice they place great value on.

From the beginning, our approach has had the goal of lifting our clients' attention from the community issues that were obsessing boards of directors to the financial map their year-by-year operations were charting. This "big data" perspective was to be combined with warm and respectful client service that would foster credibility and a relationship of trust. For co-operatives that were adrift, our plan was to help them find their bearings and set a new course, using the map we had placed in their hands.

CMHC's first evaluation of the Agency, begun in 2014, drew to a close in 2015 with the evaluators' presentation of their final report. In addition to poring over the Agency's portfolio-performance reports to CMHC from the past, the evaluators surveyed more than a third of the Agency's clients and inspected the properties of a smaller percentage. The evaluation's purpose was to assess what effect, if any, the Agency's oversight has had on the portfolio. The answer was positive, with the evaluators pointing to the improved financial health of Agency clients and the stable physical condition of their aging properties, as well as their growing compliance with their operating agreements with CMHC.

This report, and CMHC's satisfaction with the quality and transparency of the Agency's work, led to an agreement in 2015 to transfer an additional service. In 2016 we will take on the administration of CMHC's rent-supplement programs for Agency clients in three provinces, consistent with the early plans for the Agency.

Also proposed in the Agency's original business plan was our benchmarking and best-practices service. To date, CMHC has not funded it, but with support from another source, we were able to pilot and launch an automated service in 2014. A sleek machine, our

HomeRun website gives our clients access to a wealth of co-op data and the power to analyse them for themselves. In sharing information and the tools to make use of it, the Agency hopes to ensure that the data we have gathered will continue to benefit the movement, and potentially the wider non-profit housing sphere, for years to come.



One aspect of the Agency's concern for the future is our commitment to sustainability, which has earned us the designation of Climate Smart. Over much of our operating life, we have been striving to reduce our own carbon footprint, while encouraging our co-operative housing clients to cut their operating expenses through environmentally friendly capital investments.

The evidence is in that the Agency's methods and the commitment of our staff are helping our clients to ever-better results over time. Improvements are especially apparent among those co-ops that were once near to shipwreck, off on a feckless cruise or altogether becalmed. The voyage isn't over yet, but the destination is in sight. For our part, we will maintain and strive to improve the quality of our service delivery, while viewing the growing success of our housing co-operative clients and the tools that have brought it about as a legacy that will outlast the Agency itself.



*Arcadia Housing Co-operative*

# Board of Directors



*[Left to Right]  
Cameron Gray; Elain Duvall, Vice-President; W. Laird Hunter, Q.C., President; Berta Zaccardi;  
Ken McFarland, Treasurer; Roger Maloney*

Appointed to serve on the Board of Directors by the Co-operative Housing Federation of Canada, the Agency's six directors come from British Columbia, the Prairies and Ontario.

Together, they bring the Agency their deep knowledge of law, finance, public administration, regional economic conditions, government housing programs and co-operative housing operations. The directors work together to provide the Agency with expert oversight in its mission to deliver peerless program-management services. A summary of the directors' business experience and other qualifications appears on the Agency's website.

*"...the work and guidance the Agency provides to us [an Alberta co-op] is so valuable. I know I have appreciated your expertise more than you can imagine, and I'm sure other co-ops feel the same."*

— a Client

# The Agency as It Stands

At the end of 2015, the Agency had been in operation for more than nine years, managing CMHC's co-operative housing programs in British Columbia, Alberta, Ontario and Prince Edward Island.

Structured as a federally incorporated co-operative, the Agency has a single member: the Co-operative Housing Federation of Canada (CHF Canada).

The Agency ended 2015 with 50 staff (45.1 full-time equivalents) based in four Agency and seven home offices. Ten staff members are bilingual in English and French.

## Key Agency Dates

<b>1995</b>	CHF Canada presents the federal Minister Responsible for CMHC with a proposal for an independent agency to administer the federal government's co-operative housing programs.
<b>1996</b>	The federal budget proposes devolution of federal housing programs to the provinces and territories.
<b>1997–98</b>	Program devolution affecting about 15 per cent of federal-program housing co-operatives takes place in the territories and six provinces.
<b>1999</b>	Halting further devolution, the federal Minister initiates a study of the agency proposal.
<b>2004</b>	CMHC agrees to the first steps towards creating an agency. CHF Canada appoints a Board of Directors to oversee its set-up.
<b>2005</b>	The Agency's first service agreement with the federal government is signed.
<b>2006</b>	The Agency begins delivering five services for CMHC in B.C., Alberta, Ontario, and PEI.

Throughout 2015, the Agency continued to deliver five services on CMHC's behalf:

- information services
- compliance management
- risk management
- default prevention and
- default management.

From inception, our approach to service delivery has been risk-based, data-driven and client-focused.

"Great service from our relationship manager"

— a Client

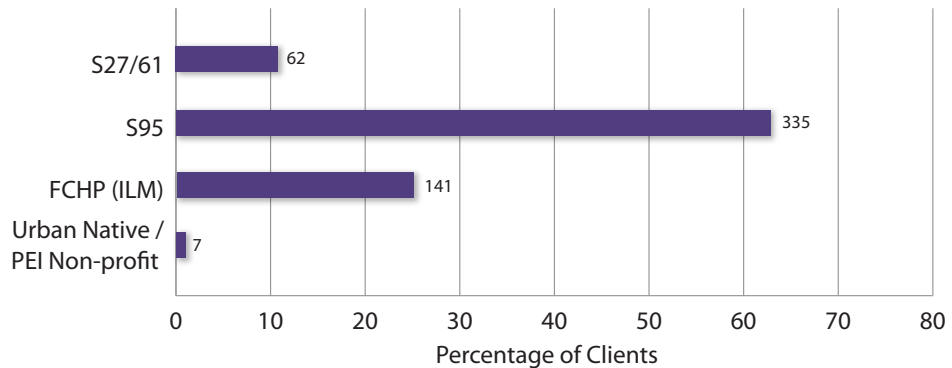
# Clients and Client Service

Over 2015, as client operating agreements with CMHC expired, the Agency's portfolio dropped from 547 to 542 housing co-operatives. The decline occurred despite the transfer to the Agency of most of the remaining B.C. co-operatives with premature building-envelope failure that had been held back at CMHC since 2006. The distribution of clients across provinces and housing programs is shown below.

## Distribution of Agency Clients



## Clients under Each Program



“Our relationship manager is always very helpful and supportive. She cares!!!”

— a Client

Excellent client service is a defining feature of the Agency. Set out in our Client Service and Satisfaction Standards Policy, our client-service standards are available for anyone to see. In the more than 4,000 service interactions that took place over the course of 2015, we met our service standard 99 per cent of the time. Our 2015 client-service report card tells the full story.

CATEGORY	STANDARDS	AGGREGATE ACHIEVEMENT
Concerns and Complaints	2	100%
Information Requests	1	100%
Reporting Standards	5	99%
Agreement Approvals	5	97%
Transparency and Provision of information	6	94%
<b>Total</b>	<b>19</b>	<b>99%</b>

Surveys of the clients themselves give the Agency vital feedback on where our service may fall short. In 2015, clients and their auditors—40 per cent of those asked (2014: 43%)—completed 212 feedback questionnaires after receiving an Agency service. (Very few clients were consulted in this way in the last half of the year, when we undertook a general survey of our entire clientele.) Asked about a recently received Agency

service, 97 per cent rated it favourably (2014: 98%). Our Client Service Champion looked into all negative responses, taking action, wherever possible, to address the client's dissatisfaction and identifying lessons learned for the Agency's service program.

Interviews conducted in each quarter with a selection of Agency stakeholders are another source of inspiration for improvement. In 2015, we interviewed four property-management companies, along with ten housing co-operatives and two CMHC staff members in different regions. We also conducted our first exit interview with a client at the end of its operating agreement. Further exit interviews are planned.



Normally, the Agency surveys all clients every three years to find out how satisfied they are with the quality of our service. Owing to CMHC's 2014 evaluation of the Agency, during which housing co-operatives were sent a questionnaire, we waited an extra year before undertaking our most recent review. The market-research firm hired to conduct the confidential survey in 2015 obtained a response rate of 52 per cent.

The results show sustained improvement over satisfaction levels registered in 2005, when CMHC managed the co-operative housing programs directly.

*Jennifer Brumwell, Relationship Manager*



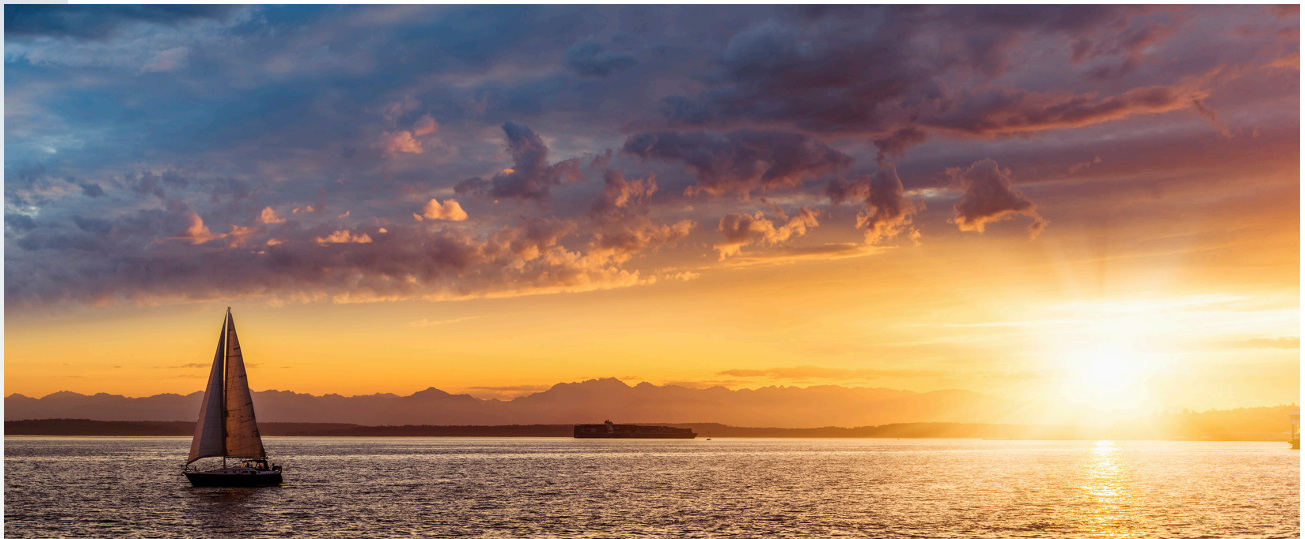
### Overall Client Satisfaction in 2015 and 2005

2015		2005	
Question	Satisfied	Question	Satisfied
Overall, how satisfied were you with the timeliness of the Agency's service?	84%	Overall, how satisfied were you with the timeliness of CMHC's service?	55%
Overall, how satisfied were you with your access to the Agency as the administrator of your co-op's funding program?	87%	Overall, how satisfied were you with your access to CMHC as the administrator of your co-op's funding program?	56%
How satisfied were you with the overall quality of the service delivered by the Agency?	82%	How satisfied were you with the overall quality of the service delivered by CMHC?	48%
Agency staff went the extra mile to make sure we got what we needed.	71%	CMHC staff went the extra mile to make sure we got what we needed.	57%

Asked to sum up what we have learned over the past year about our service, the Agency's Client Service Champion shared several observations. Most clients remain very happy with our service. They would only like us to do more and to intervene in community matters that are outside of our mandate. Whenever we introduce new methods or requirements, such as on-line filing for co-operatives whose annual budgets need Agency and CMHC approval, clients require extra hand-holding. The Agency must listen carefully to their feedback and respond by improving the system wherever we can. While satisfaction levels are high across the board, they vary by region and, to some extent, by co-op size. This requires further exploration. Finally, if we begin to take our service delivery for granted and stop looking for ways to improve it, client satisfaction levels will fall.

"...Wonderful, so helpful. [The co-op's relationship manager] is great. She is fast, helpful, knowledgeable and works very well with us. We have increased our housing charges and now have no arrears. We have done good things for our co-op, making our home a better place to live."

— a Client



## What is Past, or Passing, or to Come

At the core of the Agency's success lies the collection and effective use of financial and other data from our client co-operatives. The data-collection process begins with each co-operative's Annual Information Return (AIR), filed on line by its auditors. Once a client's return has been entered in the Co-operative Housing Agency Information System (CHAIS), the Agency's custom database, Agency staff must review it to detect and correct any material errors.

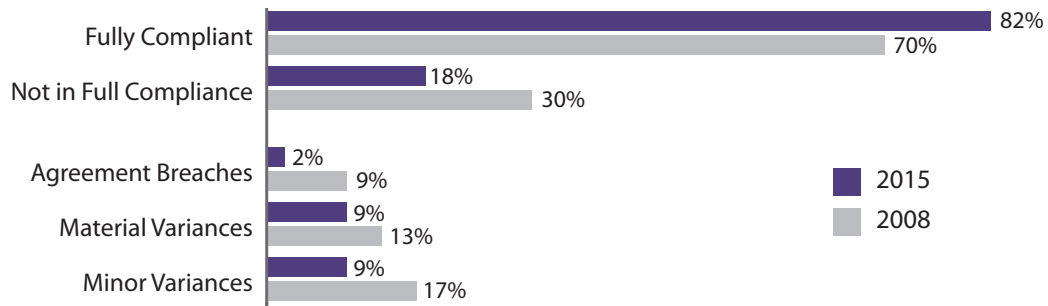
The validation of these returns is governed by two standards under our service agreement with CMHC. Since 2008, when the present standards were adopted, the Agency has received and validated AIRs within four months and six weeks of our clients' fiscal year ends 84 per cent of the time, on average, against a performance standard of 75 per cent. On average, we validate 97 per cent of client returns within seven months of the client year end, more than achieving the second standard of 95 per cent.

CHAIS is a powerhouse that not only stores validated information from client AIRs, but analyses it, compiles and tracks client risk and compliance profiles, compares results among co-ops, manages Agency work flows, supports our interactions with clients and reporting to CMHC, and measures our staff's collective and individual performance against objective standards.

Two formal CHAIS releases in 2015 brought about improvements in various processes related to our use of data. Of particular note, modifications to the database and the AIR enabled the Agency to pilot Health Check, a prospective information service for housing co-operatives whose CMHC operating agreements have ended. Next year will see us complete the pilot and assess whether former clients will find value in filing AIRs and continuing to receive comparative reports on their performance.

CHAIS and the AIR enable the Agency to fulfil the first part of its two-fold mandate: to encourage housing co-operatives to follow the terms of their CMHC operating agreements and to return to compliance when they are not doing so. As of the end of 2015, 18 per cent of our clients were not fully compliant with their operating agreements, down from 30 per cent in 2008 (the year the Agency’s current approach to assessing compliance was put in place). The steady rise in compliance over the Agency’s life has been accompanied by a decline in the gravity of compliance failures, as shown below, with a breach being the most serious compliance failure.

### Clients’ Compliance Status 2015 and 2008



The second aspect of the Agency’s mandate is reducing our clients’ risk of defaulting on their mortgage and other financial obligations. The secret of success in this area lies in following a straightforward prescription that can be summed up in a single rule: Don’t lose money. Following this rule is simple, although not always easy. Housing charges must be set high enough to cover all costs, including future capital costs. Units must be occupied, housing charges paid in full and on time, and the property maintained. Finally, money must be set aside for future capital-repair needs.



On all of these measures, Agency clients were stable or reported significantly better results in 2015, which helped to improve their risk profile. Across our portfolio, housing charges grew an average of 2.26 per cent, delivering real gains in revenue over an inflation rate of 1.1 per cent. The increases supported a 6.1 per cent rise in the median contribution to capital replacement reserves. The average Agency client posted housing-charge arrears and bad debts in 2015 of 1.36 per cent of the annual housing charges paid by occupants. This marks a significant improvement since 2007, the Agency’s first full year of operation, when arrears and bad debts stood at 2.49 per cent of occupant housing charges. Median rates have similarly fallen, from 0.85 percent in 2007 to 0.55 per cent.



*Church-Isabella Residents Co-operative*

Vacancy rates vary by community, like all real estate measures, and reflect the state of the local economy. However, a client's own actions can affect whether its vacancy loss will be above or below its competitors'. In 2015, 86 per cent of our clients did as well as or better than the rental market around them. By contrast, in 2007, only 70 per cent could make this claim.

Periodic building-condition assessments (BCAs) and capital-replacement-reserve studies are among the most valuable tools available for the effective management of residential properties. The Agency's relationship managers are happy to observe a growing awareness among our clients that every co-operative should have a BCA and should be directing more money into its capital reserve. National and regional co-operative housing federations have reinforced the Agency's message, offering comprehensive asset-management services to their members on a fee-for-service basis.

Whether owing to major problems with the design and construction of their buildings, such as those experienced by B.C.'s "leaky co-ops," or to their failure to earn enough revenue from year to year, a number of the Agency's clients have needed financial workouts over the years. We work with these clients, who may not see any solution to their problems, to place them on the path to recovery. Although their situations can be complex, the turnaround usually includes financing for building repairs and always entails increasing the revenue coming into the property—quickly or slowly, according to market conditions.

By raising housing charges as the market and inflation permit, reducing losses to arrears and bad debts, refurbishing and marketing vacant units and paying consistent attention to curb appeal, these clients have made slow but certain progress toward renewed financial health. In their 2015 fiscal year, the average Agency client with a workout earned a surplus and saw its accumulated debt fall. Financial studies prepared by the Agency for each client with a workout show that virtually all will either repay their full debt to CMHC by the time their operating agreement ends or qualify at that time for a new private loan.

**“I’m speaking for [Name] Co-op in Alberta... our members love the simplified Plain-Language Financials. We post it on our bulletin board...”**

— a Client

During their years of repaying workout debt, the financial status of these clients is carefully monitored, on either a monthly or a quarterly basis, through an Agency on-line reporting tool. In addition, clients with financial workouts

file their annual budgets for Agency and CMHC review through an on-line process launched in 2014 and improved in 2015. Looking ahead to 2016, we expect to release a third tool that will significantly automate the process of reviewing audited statements against approved budgets.

Despite focusing much attention on clients in precarious circumstances, Agency staff have not been ignoring the financially sound co-operatives that make up the great majority of our portfolio but have been active in speaking with them about preparations for the end of their CMHC operating agreements. Although otherwise happy at this prospect, most are very worried about the impending loss of the government subsidies that have helped lower-income members—30 per cent of households in the average co-op—meet their share of the co-op’s expenses.



*Debbie Saidman, Relationship Manager and  
Payam Ressalat, Analyst*

With their original mortgage finally paid off, many co-operatives will have some initial capacity to replace the government housing subsidy with their own revenues. Not so those that will need to take out a new mortgage almost immediately in order to attend to the refurbishment, redevelopment or expansion of their property. In the long run, as their buildings continue to age, all co-ops will need to direct increasingly large sums from the charges their members pay to capital repairs, leaving them with less and less scope to help their poorer members meet their shelter costs.

To co-operatives worried about the state of their buildings, the Agency recommends obtaining an updated building-condition assessment and seeking the assistance of co-operative housing federations in arranging new financing. For those co-ops that seem unaware of the effects of age on their market appeal, Agency staff must sometimes firmly point out the need to spend on updates to kitchens, bathrooms and lobbies, as well as the less visible elements of the building.

Such discussions about money can be stressful, especially when they turn on the need to borrow. Relationship managers say they must be able to read faces, gauge emotions and summon up all their tenacity to persuade co-operatives to take the required action. During one such conversation with a client, an Agency staff member was described as being like a social worker. This may be an apt comparison as relationship managers strive to shift the board's focus from simple absorption with member relations to business realities and future possibilities.



*St. Nicholas Housing Co-operative*

“My relationship manager at the Agency has gone out of her way to help the co-op when required. Service has been quick.” — a Client



*Meghan Friesen, Co-ordinator, Information Services and Heather Wesenberg, Relationship Manager*

# Mortal Tatters: Concerns and Complaints

Our definition of concerns and complaints appears below.

**Concern:** The person is worried or unhappy about our service, a program matter, their co-op or another organization. In the end, they are satisfied with more information or a referral to a body better placed than the Agency to resolve their concern.

**Complaint:** More information or a referral has not satisfied the concerned person.



In 2015 the Agency dealt with 51 concerns (2014: 68) and three complaints (2014: 4). Most came from co-op members, directors or staff (2015: 94%; 2014: 90%), with a small number recorded from people in the co-op's neighbourhood, applicants to a housing co-operative or an anonymous source. As in past years, the great majority originated in the Ontario/PEI region (2015: 76%; 2014: 83%).

Most concerns related to the governance or management of an individual housing co-operative: an Agency responsibility only when the client's financial performance or its compliance with a CMHC agreement is at issue (2015: 76%; 2014: 94%). Sometimes a concern was resolved by clearing up a misunderstanding or explaining a program requirement. In other cases, the Agency had to refer the dissatisfied co-op member elsewhere.

A small percentage of concerns had to do with the Agency itself and its processes (2015: 2%; 2014: 4%; 2013: 13%) or a client's CMHC operating agreement (2015: 2%; 2014: 1%; 2013: 8%).

In 2015, 65 per cent of concerns and complaints were resolved by the Agency (2014: 71%), including many unrelated to us or our work. Of the remainder, we referred 13 per cent to the client's board or manager (2014: 17%) and 15 per cent to the Co-operative Housing Federation of Canada or a regional federation (2014: 11%). We directed five per cent to CMHC (2014: 0%). An anonymous complaint received no response.

# Financial Highlights in 2015

	31 December 2015	31 December 2014
<b>ASSETS</b>		
Cash.....	\$ 2,384,714	\$ 2,149,939
Capital and Intangible Assets .....	767,819	719,521
Other.....	152,780	132,447
	\$ 3,305,313	\$ 3,001,907
	\$ 3,305,313	\$ 3,001,907
<b>LIABILITIES</b> .....	\$ 2,658,227	\$ 2,443,585
<b>FUND BALANCES</b>		
Operating Reserve .....	171,083	131,255
Capital Fund.....	451,003	402,067
Special Projects.....	25,000	25,000
	\$ 3,305,313	\$ 3,001,907
	\$ 3,305,313	\$ 3,001,907
<b>CHANGES IN OPERATING RESERVE</b>		
	<b>2015</b>	<b>2014</b>
Revenue.....	\$ 6,784,986	\$ 6,382,449
Operating Expenses .....	(6,345,158)	(6,013,534)
Transfer to Capital Fund.....	(400,000)	(352,200)
	\$ 39,828	\$ 16,715
	\$ 39,828	\$ 16,715

The full financial statements, audited by Marcil Lavallée, have been provided to the Co-operative Housing Federation of Canada and Canada Mortgage and Housing Corporation.

“The expertise and knowledge, especially in the area of finance, of our co-op’s RM has been extremely useful. We’ve received help by phone and e-mail, obtained detailed spreadsheets and had meetings privately and with the board. The Agency has provided excellent service for us.”

— a Client



# Staff List as of 31 December 2015

**Alexandra Wilson**, Chief Executive Officer

**Gerry McEvoy**, Special Advisor

## **CORPORATE SERVICES**

**Colin MacDougall**, Manager, Finance

**Stan Piechocinski**, Manager, Information Systems and Financial Reporting

**Gail McKenzie**, Software Quality Assurance Officer

**Agata Nobrega**, Co-ordinator, Information Systems and Finance

**Sergei Pershukevich**, Database Administrator

**Natalie Hartley**, Director, Human Resources and Administration

**Maggie Keith**, Communications Officer and Corporate Secretary

**Pamela Langlois**, Senior Administrative Assistant

**Sirikit Moreau**, Co-ordinator, Human Resources and Client Service

**Sylvie Moreau**, Client Service Champion

**Kara Shipman**, Senior Administrative Assistant

**Laura Vaillancourt**, Administrative Assistant

## **LENDING AND DEFAULT PREVENTION SERVICES**

**Jennifer Hobbs**, Director, Lending and Default Prevention Services

**Bridget Bayliss**, Analyst

**Donna Burnett-Beckford**, Default Management Officer

**Greg O'Neill**, Senior Analyst

**Payam Ressalat**, Analyst

**Sandeep Thethy**, Analyst

**Nick Van Dyk**, Senior Analyst

**Grace Zhao**, Analyst / Default Management Officer

## **OPERATIONS**

**Olga Tasci**, Director, Operations

**Jill Kelly**, Financial Officer

**Ken Lawson**, AIR Help Desk Officer (on leave)

**Larry Lenske**, Financial Officer

**Dave Howard**, Manager, Operations (Ontario/PEI)

**Bridget Bayliss**, Relationship Manager

**Margaret Callaghan**, Relationship Manager

**Mel Cameron**, Relationship Manager

**Donna Charbonneau**, Relationship Manager

**Jacqueline Cooper**, Relationship Manager

**Jane Davidson-Neville**, Relationship Manager

**Catriona McCallum**, Relationship Manager

**David Nagy**, Relationship Manager

**Nicole Scott**, Senior Administrative Assistant

**Jason Sooch**, Relationship Manager

**G. Scott Wylie**, Relationship Manager

**Joanne Mick**, Manager, Operations (B.C./Prairies)

**Jennifer Brumwell**, Relationship Manager

**Cole Dudley**, Relationship Manager

**Traci Dubeau**, Relationship Manager

**Meghan Friesen**, Co-ordinator, Information Services

**Lisa Gardner**, Relationship Manager

**Hia Inthavixay**, Relationship Manager

**Vicki Lackman**, Senior Administrative Assistant

**Shawn Preus**, Lead Relationship Manager

**Francesca Sorace**, Relationship Manager

**Heather Wesenberg**, Relationship Manager

**Eileen Wilke**, Relationship Manager

**Michel St-Denis**, Manager, Technical Services

**Joanne Balmaceda**, Co-ordinator, Technical Services

*The Agency notes with great sadness that relationship manager Debbie Saidman died prior to the end of 2015.*

# Values, Mission, Vision

## Our Values

We hold to these values, which govern our conduct with the general public, our government and co-operative partners, and our employees and other stakeholders.

**Respect** 🌀 We esteem our clients and at all times treat them fairly and with consideration.

**Transparency** 🌀 We promote the open and honest sharing of knowledge and information, while guarding the privacy of individuals.

**Trust** 🌀 We earn the confidence of our co-operative and government partners through exceptional service and consistent performance.

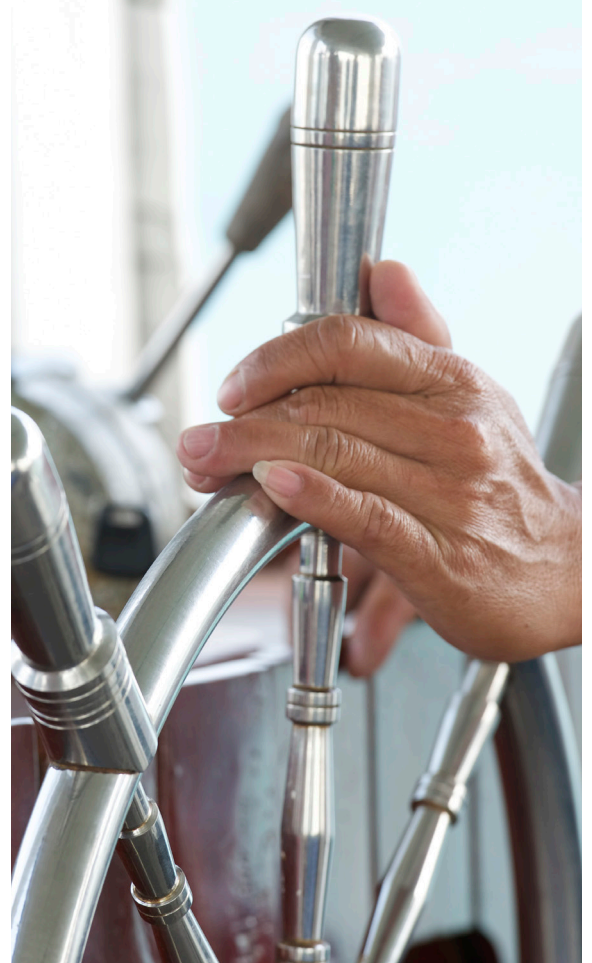
**Excellence** 🌀 We pursue superior results and continuous improvement. Success, for us, is getting the right things done as well as possible.

**Innovation** 🌀 We challenge ourselves constantly to find fresh approaches that will lead to ever-better outcomes for our partners.

**Co-operation** 🌀 We work in concert with our stakeholders to achieve separate but complementary goals.

**Accountability** 🌀 We answer to our government and movement partners for the results we achieve as responsible stewards of the programs entrusted to us.

**Sustainability** 🌀 We look to the future, strengthening our operations, honouring the environment and encouraging our clients to sustain and conserve the properties they hold in common.



## Our Mission

The Agency administers co-operative housing programs, deploying risk-based strategies, superior information management and client-centred service to safeguard the public's investment and help our government and co-operative partners attain their goals.

## Our Vision

The Agency aspires to be a superlative administrator of co-operative housing programs, recognized for its leadership by governments across Canada and valued by housing co-operatives as a partner in their success.

[www.agency.coop](http://www.agency.coop)