



Knee deep in the salt marsh

2016 ANNUAL REPORT

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“After Such Knowledge”: The CEO’s View



Alexandra Wilson,
Chief Executive Officer

Following 10 years of operation, the Agency is entitled to look back, as well as ahead. At this time, it would be very reasonable to ask what has altered. The answer is that the Agency itself has seen a great deal of development without any change in essentials, and our clients are showing improved performance by every measure, as our 2016 Portfolio Performance Review attests.

The Agency’s methodological foundation was and remains risk-based, data-driven and client-focused. Our data-collection process requires each client’s auditor to file an Annual Information Return (AIR) in the Co-operative Housing Agency Information System (CHAIS), our custom database. Once our staff have verified a client’s return, we produce four reports that tell the co-op everything it needs to know about its financial performance and compliance with its CMHC operating agreement.

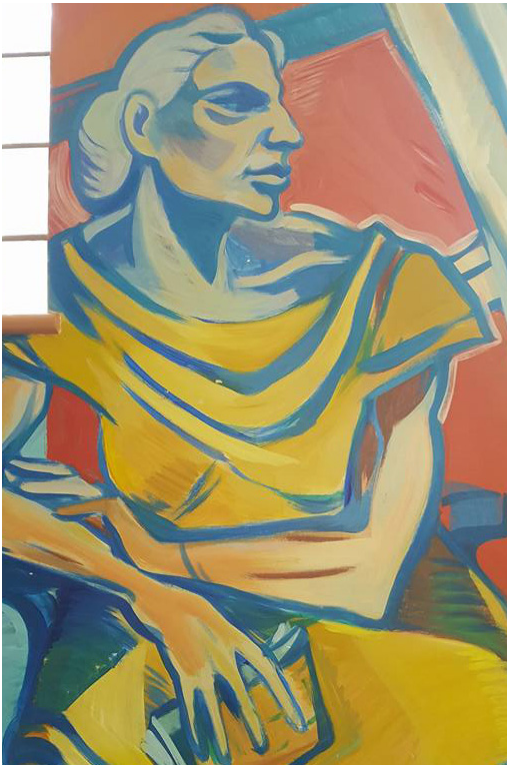
The Risk Report assesses a co-operative’s ability to meet its financial obligations when they fall due, now and in the future. An accompanying letter explains the risks identified through the Agency’s process and provides advice for reducing them. The Co-op Data Report shows the client how it is performing in comparison with its peers and its own past results. The Plain-Language Financials express the information from the client’s audited statements in a way that makes sense to a person unschooled in reading financial statements. Finally, the Compliance Report explains where a client is not acting in accordance with its operating agreement and what it must do to correct the problem.

Prior to the Agency, co-operatives had never had access to so much condensed, convenient and reader-friendly data about themselves. The coupling of this information with the knowledgeable support of the Agency’s relationship managers has brought our clients improved financial results, stronger compliance, and better attention to the condition of their property, even as the buildings continue to age.

While I am delighted with the marked improvement over time in our clients’ performance, I am alert to the risk that, when their operating agreements end and they lose access to our reports and to the assistance of our relationship managers, they may find themselves, as T.S. Eliot put it, knee deep in a salt marsh, heaving a cutlass and bitten by flies.

In 2016, after the government promised to extend the assistance that lets low-income members pay a percentage of the co-op's full monthly charge, CMHC offered short-term operating-agreement extensions to more than 100 Agency clients. Nonetheless, we kept our focus on preparing clients, as much as possible, for the changes that lie ahead when the agreements do end.

More than 130 Agency clients to date have attended an Agency presentation that explains what changes and what remains the same when an operating agreement concludes. As much as possible, we try to deliver the presentation in partnership with a co-operative housing federation to emphasize that ongoing assistance will continue to be available from that quarter.



From the mural in the meeting room of Four Sisters Housing Co-operative, Vancouver

We also give our clients a spreadsheet that analyses the individual situation of the co-operative. Enabling clients to develop and modify long-term projections, the spreadsheet incorporates the client's capital plan, anticipated housing-charge increases and desired level of internal subsidies to reduce costs for low-income members. The co-operative's relationship manager helps the co-op complete the spreadsheet and leaves it in their hands.

In 2016, our relationship managers encouraged or convinced 42 more co-operatives to develop and present for our approval a capital plan based on a fresh building-condition assessment.

At the end of the year, the Agency launched the Annual Health Check for former clients, following a successful pilot project in 2015. For a modest fee, co-operatives can receive a personalized Risk Report, Plain-Language Financials and Co-op Data Report, provided they continue to have their auditor file an AIR. We are confident that co-operatives will

find this service an invaluable source of information that will keep them out of the marsh of confusion and uncertainty.

We are hopeful that the federal government's National Housing Strategy will produce measures that will help our clients. Be that as it may, we are continuing to do all we can to ensure that, whenever their agreements end, the co-operatives we work with will find their feet on solid ground.

Board of Directors



The Agency's Board of Directors visits Four Sisters Housing Co-operative in Vancouver: [Left to Right] Ken McFarland, Treasurer; W. Laird Hunter, Q.C., President; Elain Duvall; Cameron Gray; Roger Maloney; Berta Zaccardi, Vice-President

"I really appreciate the feedback and forms from the Agency. Along with the auditor, this constitutes a very organized framework around my work with a very mature and wise co-op."

— a Client

The Co-operative Housing Federation of Canada appoints six directors to the Agency's board for up to three consecutive three-year terms. The directors who currently serve come from British Columbia, the Prairies and Ontario.

The Agency's directors were selected for their expertise, the professional reputation they earned over the course of their careers, and their extensive knowledge of any of a number of subjects important for the Agency's effective governance: law, finance, public administration, regional economic conditions, government housing programs and co-operative housing operations.

A summary of the directors' business experience and other qualifications appears on the Agency's **website**.



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.

The Agency as It Stands

KEY DATES FROM OUR HISTORY

1995

CHF Canada presents the federal Minister Responsible for CMHC with a proposal for an independent agency to administer the federal co-operative housing programs.

1996

The federal budget proposes devolution of federal housing programs to the provinces and territories.

1997–98

Program devolution affecting about 15 per cent of federal-program housing co-operatives takes place in the territories and six provinces.

1999

Halting further devolution, the federal Minister initiates a study of the agency proposal.

2004

CMHC agrees to the first steps towards creating an agency. CHF Canada appoints a Board of Directors to oversee its set-up.

2005

The Agency signs its first service agreement with the federal government.

2006

The Agency begins delivering five services for CMHC in B.C., Alberta, Ontario, and PEI.

2010

The Agency's service agreement is renewed for a second five-year term.

2015

The Agency's service agreement is renewed for a third five-year term.

In 2006 the Agency began to manage CMHC's co-operative housing programs in British Columbia, Alberta, Ontario and Prince Edward Island. Structured as a federally incorporated co-operative, it has a single member: the Co-operative Housing Federation of Canada (CHF Canada).

The Agency ended 2016 with 50 staff (46.1 full-time equivalents), excluding those on leave, based in four Agency and seven home offices. Twenty per cent of staff members are bilingual in English and French.

Throughout 2016, the Agency continued to deliver five services on CMHC's behalf:

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

In active preparation was the delivery of a sixth service: the management of CMHC's rent supplement programs in Ontario and PEI.

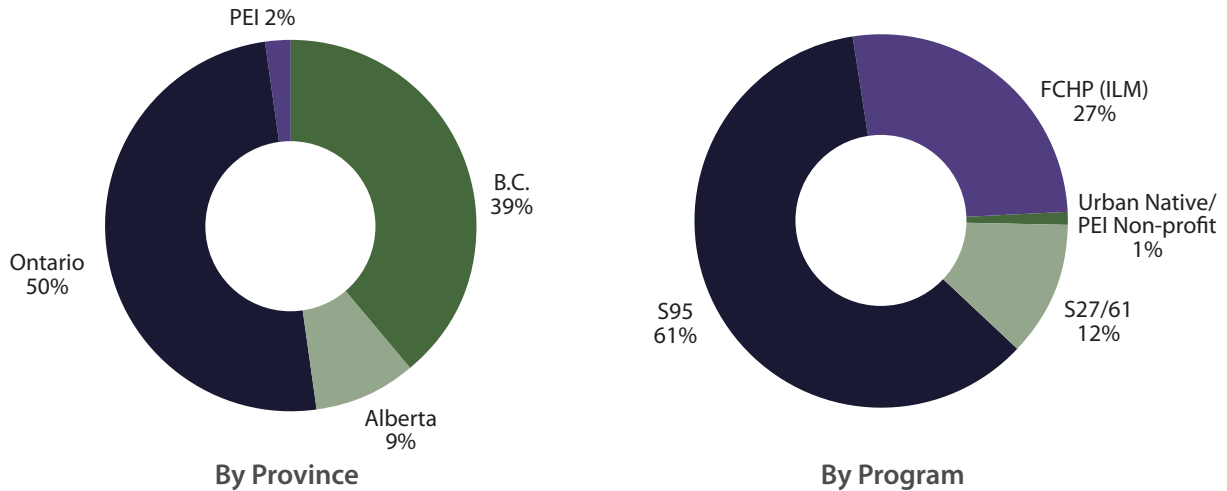
"[Staff member] has been an amazing Relationship Manager. She needs very little explanation about issues/concerns. I can brainstorm with her about stuff which really helps me in my job. She takes the initiative when she hears or finds things that might be helpful—a thousand gold stars."

— a Client

Clients and Client Service

Over 2016, as client operating agreements with CMHC expired, the Agency’s portfolio dropped from 542 to 532 housing co-operatives. The distribution of clients by province and housing program is shown below.

DISTRIBUTION OF AGENCY CLIENTS



The Agency’s agreement with CMHC sets out 26 service levels the Agency must meet. All were achieved or surpassed in 2016.

2016 PERFORMANCE AGAINST AGREEMENT STANDARDS

Category	Standards	Met or Surpassed	Average Score
Information Services	3	3	100%
Monitoring and Seeking Operating Agreement Compliance	9	9	97.3%
Assessing and Taking Action to Mitigate Risk	7	7	100%
Default Prevention Services	2	2	100%
Default Management Services	5	5	98.9%

“[Our relationship manager] was actually on holidays but took the time to contact me to be sure everything was OK.”

— a Client

The Agency is committed to delivering excellent client service in accordance with measurable, published standards. Our **Client Service and Satisfaction Standards Policy**, which sets out our standards, is available for viewing on our public website.

CLIENT SATISFACTION STANDARDS

Category	Standards	Aggregate Achievement
Concerns and Complaints	2	98%
Information Requests	1	100%
Reporting Standards	5	99.8%
Granting Approvals	7	94.8%
Transparency and Provision of information	6	96.8%
Total	21	97.9%

Over the course of 2016, we met our service standards just under 98 per cent of the time. Our 2016 client-service **report card**, also available on our website, grades our performance against these standards.

Surveys of our clients give the Agency vital feedback on where our service can be improved. In 2016, clients and their auditors — 44 per cent of those asked (2015: 40%) — completed 446 feedback questionnaires soon after receiving an Agency service. More than 97 per cent of respondents gave our service delivery a positive rating (2015: 97%). Our

Client Service Champion looked into every negative response, taking action, wherever possible, to address the client’s dissatisfaction and identifying ways for the Agency to do better.

Interviews conducted in each quarter with a selection of Agency stakeholders are another source of ideas for improvement. In 2016, we interviewed twelve housing co-operatives in different regions and one CMHC staff member. We also conducted exit interviews with 19 co-operatives when they ceased to be Agency clients following the end of their operating agreement.

“Agency [relationship manager] always goes the extra mile for us; not sure how we would manage without her.”
 — a Client



Board members of Four Sisters Housing Co-operative: [L to R] Derek Andrews, Andrew Brown, Daniel Foster, Barb Daniel

While we intend to continue our interviews with current and former clients, interviewing sector partners is no longer producing new information about their experience with our service partnership and, for now, has been suspended.

In addition to sending out questionnaires and conducting interviews, the Agency surveys all clients every three years to find out how satisfied they are with the quality of our service. The market-research firm hired to carry out our last confidential survey, in 2015, obtained a response rate of 52 per cent. As the following table indicates, the results show sustained improvement over satisfaction levels registered in 2005 — our baseline — when CMHC managed the federal co-operative programs.

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%



Bain Apartments Co-operative,
Toronto

“As a new co-ordinator, I have been very happy with the support and guidance provided by the co-op’s relationship manager. She has always been available to answer questions and/or research the information needed to assist. I have found this to be a very valuable resource and support and very much appreciate the support provided.”

— a Client

“In the Warm Rain... Heaving a Cutlass, Bitten by Flies”



Board member Michael Pheasey
of Kaslo Gardens Housing
Co-operative, Vancouver

In 2016, as in every year, our first focus was on improving the performance of our client housing co-operatives. This obligation bears heavily, although not exclusively, on our relationship managers, whose job it is to persuade their client co-operatives to take action that will give future rewards, but, at the time, may seem like an invitation to “blood and sweat, toil and tears.”

We began by attending to performance in Ontario, where relationship managers continued to stress the need to see housing charges net of vacancies and rental inducements rise faster than inflation, if sufficient funds are to be set aside for future capital repairs. A relationship manager revealed that this task grows easier as a client gets closer to the end of its agreement, noting that “co-ops are waking up and beginning to see that they are not bringing in enough money.” Many co-operatives heeded our advice, with an average increase in net housing revenues in Ontario of 2.03 per cent, against an inflation rate of 1.4 per cent.

Across the country, 32 more Agency clients adopted a rule or by-law prohibiting director arrears, taking the total to more than 230. Here, our staff found the work harder, especially with clients that are without paid management. To quote one of our relationship managers:

Co-ops with office staff are more likely to go with this by-law, because they can see the problems that a director in arrears would create for the office, as well as for the co-op as a whole.

After years of patient persuasion, 55 per cent of Agency clients in Ontario and PEI have now adopted the by-law. In B.C., where the regional federation is promoting new model rules with an effective prohibition on director arrears, adoption has nearly tripled since 2014 and stands today at 33 per cent. Alberta is not far behind, at 31 per cent.

Following the successful launch of our Model Management Services Agreement three years ago in Ontario, we have now adapted it for use in Alberta and PEI. Clients with workouts are required to use this agreement, which includes features that protect both the management company and the co-operative and provide an incentive for effective



Agency staff members Natalie Hartley, Director, Human Resources and Administration, and Cole Dudley, Relationship Manager

control of vacancies and rental arrears. The Agency has now developed an evaluation tool that helps our clients assess the performance of their management company according to objective standards.

Relationship managers are deserving of credit for their work in ensuring continued real growth in co-operatives' contributions to their capital reserves, with the median per-unit contribution rising more than 13 per cent in 2016. Relationship managers find that co-operatives with recent building-condition assessments and approved reserve plans do not resist setting their contributions at a higher level because they can see the size of the investment their property will require in the not-too-distant future. Indeed, these clients are adding 34 per cent more to their reserves each year, on average, than those that lack plans. However, contributions among the latter group are rising faster, suggesting that they too are hearing us.

New financial renewal plans were developed for 14 clients in financial difficulty and more than 70 existing plans were updated in 2016. The plans, which point clients to the path that will lead them out of the "many cunning passages" of their unhappy financial history, are generally very well received, but sometimes too quickly forgotten. A second challenge confronting relationship managers is to reduce the mortgage debt their troubled clients owe. While total debt per unit for co-operatives with workouts fell in 2016 in every province where the Agency is active, workout debt grew and some co-ops, unable to start repaying their loan, continue to see the interest charges multiply.

Despite frustrations and even skirmishes, if not battles, the Agency's relationship managers demonstrate great loyalty to their clients — feelings that are reciprocated, as the comments from clients make clear. Some of our staff take it hard when a struggling client is moved to the oversight of another relationship manager. We have learned, however, that a new person with a fresh approach can sometimes persuade a reluctant co-operative to make the desirable but difficult choice it has been resisting. We enter 2017 with renewed confidence that our clients will hear and heed our message.

"[Our relationship manager] is very knowledgeable about our co-op's unique history and problems and has always responded quickly and creatively to find solutions and make things better."

— a Client

“A Thousand Small Deliberations”: Concerns and Complaints

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 2016 the Agency dealt with 45 concerns (2015: 51) and five complaints (2015: 3). Most were from co-op residents (2016: 86%; 2015: 94%), while twelve per cent came from co-op directors and staff. A small fraction were registered by members of the public, chiefly applicants for membership in a housing co-operative. As the Agency has consistently seen, the great majority of concerns and complaints originated in the Ontario/PEI region (2016: 92%; 2015: 76%).

Most concerns related to the governance or management of an individual housing co-operative (2016: 88%; 2015: 76%). Although this is an Agency responsibility only when the client’s financial performance or its compliance with a CMHC agreement may be compromised, we often take at least an initial step to resolve the difficulty. Sometimes clearing up a misunderstanding or explaining a program requirement is all that is needed. In other cases, the Agency has to advise the unhappy complainant to seek satisfaction elsewhere.

A small percentage of concerns had to do with the Agency itself and its processes (2016: 4%; 2015: 2%). The subject of the others varied widely. Not a single complaint was received about CMHC or a client’s CMHC operating agreement (2015: 2%).

In 2016, the Agency was able to resolve 62 per cent of concerns and complaints (2015: 65%), including many unrelated to us or our core obligations to CMHC and our co-operative clients. Of those remaining, we referred just over a quarter to the client’s board or manager (2015: 13%) and eight per cent to the Co-operative Housing Federation of Canada or a regional federation (2015: 15%). Four per cent were directed to community legal clinics. No concerns or complaints were referred to CMHC (2015: 5%).



2016 Financial Highlights

	31 December 2016	31 December 2015
ASSETS		
Cash	\$ 2,265,840	\$ 2,384,714
Capital and Intangible Assets	790,449	767,819
Other	364,084	152,780
	<u>\$ 3,420,373</u>	<u>\$ 3,305,313</u>
LIABILITIES		
	\$ 2,783,071	\$ 2,658,227
FUND BALANCES		
Operating Reserve	76,730	171,083
Capital Fund	560,572	451,003
Special Projects	0	25,000
	<u>\$ 3,420,373</u>	<u>\$ 3,305,313</u>
CHANGE IN OPERATING RESERVE		
	2016	2015
Revenue	\$ 7,060,257	\$ 6,784,986
Expenses	(6,626,416)	(6,345,158)
Transfer to Capital Fund	(528,194)	(400,000)
	<u>\$ 94,353</u>	<u>\$ 39,828</u>

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.

“Our relationship manager reminded us of some important information from many years back that was extremely helpful to the co-op financially. She was ‘on the ball.’”

— a Client

Staff List as of 31 December 2016

Alexandra Wilson, Chief Executive Officer

Gerry McEvoy, Special Advisor

CORPORATE SERVICES

Natalie Hartley, Director, Human Resources and Administration

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

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, Senior 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

OPERATIONS

Olga Tasci, Director, Operations

Jill Kelly, AIR Officer

Ken Lawson, AIR Help Desk Officer (on leave)

Larry Lenske, Financial Officer

Natascha Morrison, Information Officer

Donna Charbonneau, Manager, Operations (Ontario/PEI)

Angela Cowie, Relationship Manager

Margaret Callaghan, Relationship Manager

Mel Cameron, 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 (on leave)

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

A Staff Engagement Survey conducted by a third party in October 2016 reported a global satisfaction score of 91 per cent, which far surpassed the external benchmark of 72 per cent. This result was achieved with a participation rate of 88 per cent.

Agency relationship managers
Heather Wesenberg and Shawn Preus

