

**Ministry of Housing**

**Minister Responsible for the  
Poverty Reduction Strategy**

Office of the Minister

777 Bay Street, 17<sup>th</sup> Floor  
Toronto ON M5G 2E5  
Tel.: 416 585-6500  
Fax: 416 585-4035

**Ministère du Logement**

**Ministre responsable de la Stratégie  
de réduction de la pauvreté**

Bureau du ministre

777, rue Bay, 17<sup>e</sup> étage  
Toronto ON M5G 2E5  
Tél. : 416 585-6500  
Télééc. : 416 585-4035



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August 31, 2017

Mr. Les Gamble  
Board Chair  
Manitoulin-Sudbury District Services Board  
210 Mead Boulevard  
Espanola, Ontario  
P5E 1R9

Dear Mr. Gamble,

Re: Mandatory Services Provided by Housing Services Corporation

I am writing to you to seek your opinion on an important issue regarding the mandatory services offered to social housing providers in Ontario, through the Housing Services Corporation (HSC).

As noted in the Long-Term Affordable Housing Strategy Update released in March, 2016, the sustainability of social housing providers in the province is essential.

HSC is an independent, not-for-profit organization that is mandated to offer services to the majority of social housing providers in the province. It was created in 2001 to continue delivering certain provincially-run programs for social housing providers as part of the devolution of social housing. It is led by a Board of Directors with representation from across the housing sector, and its programs and mandate are established under the current *Housing Services Act, 2011* (HSA).

HSC provides three core services. Additional details are provided in the attachment to this letter:

1. The group property insurance program, offered by HSC Insurance Inc. (formerly SoHo Insurance), a subsidiary of HSC, provides property insurance for social housing providers. Participation in this program is required for Local Housing Corporations, and non-profit housing providers.
2. The bulk natural gas purchasing program, assists in leveraging more favourable gas prices for social housing providers. Participation in this program is only required for Local Housing Corporations.

3. The pooled capital reserve investment program, managed by Encasa, a subsidiary of HSC, which is a registered Investment Fund Manager. This program was created specifically for social housing investments and provides registered investment services for member capital reserve and operating surpluses. Participation in this program is required for Local Housing Corporations who do not have their own capital reserve pooling plans, and non-profit housing providers.

HSC is required by the *Housing Services Act, 2011* to provide these services to social housing providers and the majority of providers are required to participate in them. This reciprocal obligation guarantees HSC a base of customers and guarantees housing providers access to these services.

To inform the development of potential government policy, I am asking for information in three areas:

1. Have you, your Local Housing Corporation, and/or your local housing providers made use of HSC's non-mandatory programs and services? If so, do you have an opinion regarding their value?
2. Have you, as Service Manager, examined alternatives to HSC's mandatory programs? If so, what is your assessment of those alternatives?
3. Would you support the elimination of the reciprocal obligation related to HSC's programs, which would give housing providers and Local Housing Corporations the freedom to choose vendors for insurance, natural gas, and capital reserve investments, but would also give HSC the right to refuse providing those services to your Local Housing Corporation or housing providers?

Your response should be sent by email to the attention of Keith Extance, Director, Housing Funding and Risk Management at [keith.extance@ontario.ca](mailto:keith.extance@ontario.ca), by Friday, October 13<sup>th</sup>, 2017. Please feel free to provide us with any supporting information as part of your overall consideration of these questions.

I look forward to hearing back from you on this important matter. I trust that together we can continue to improve the range of housing options in Ontario and enhance the sustainability of our social housing providers.

Sincerely,



Peter Milczyn  
Minister

Enclosure

c. Howie Wong, CEO, Housing Services Corporation

## **Attachment – Additional Information**

### **History and Background of the Housing Services Corporation**

The Housing Services Corporation (HSC) is an independent, not-for-profit organization that was created by the *Social Housing Reform Act, 2000* (SHRA) as part of the provincial transfer of public housing ownership and social housing oversight to Service Managers. Originally named the Social Housing Services Corporation (SHSC), it was continued by the *Housing Services Act, 2011* (HSA) under its current name of HSC. It is not a Crown Agency, and is governed by a Board of Directors composed of 15 members, 13 of which are selected by Service Managers or housing providers. The members are appointed as follows:

- Two members are appointed by the Minister of Housing;
- One selected by the City of Toronto;
- One jointly selected by the Regions of Durham, Halton, York and Peel;
- One jointly selected by the City of Toronto and the Regions of Durham, Halton, York and Peel;
- One jointly selected by the District Social Services Administration Boards;
- Four jointly selected by the Service Managers;
- Three jointly selected by non-profit housing providers; and
- Two jointly selected by non-profit housing co-operatives.

Under the SHRA and continued with the HSA, the corporation has a mandate to provide housing-related services to Service Managers and prescribed housing providers. These mandated services are: 1) the coordination of group insurance; 2) managing the pooling of capital reserves; and, 3) establishing and managing the bulk purchasing of natural gas.

Most of HSC's mandated responsibilities were provided by the province prior to the transfer of social housing to Service Managers in 2001. Prior to 2001, the then Ministry of Municipal Affairs and Housing managed an insurance program for non-profit providers, and the Ontario Mortgage and Housing Corporation (then known as the Ontario Housing Corporation) provided bulk natural gas purchasing for its Local Housing Authorities.

HSC was established in tandem with the transfer of social housing to create an entity that could continue to administer bulk province-wide programs with their inherent economies of scale, as well as provide supports to the local housing sector providers and administrators. In addition to these established programs, capital reserve pooling was introduced.

As noted in the HSA, HSC's mandated activities are the following:

- (a) *Establish and manage insurance programs for members prescribed for the purposes of this clause;*

- (b) Establish and manage schemes to pool capital reserve funds for members that are housing providers and that are prescribed for the purposes of this clause;*
- (c) Establish and manage schemes for the joint purchase of natural gas by members that are housing providers and that are prescribed for the purposes of this clause;*
- (d) Undertake research and provide advice to the Province of Ontario, service managers and housing providers with respect to the establishment and use of performance measures and good practices to achieve the efficient and effective provision and long-term sustainability and viability of housing for moderate and low-income households; and*
- (e) Undertake such other activities as are prescribed. 2011, c. 6, Sched. 1, s. 124.*

The Ministry of Housing is seeking to better understand the need and value of continued mandatory participation in these services, as is currently required under the HSA. This is an element of the emerging dialogue on the long-term health and sustainability of social housing providers in Ontario.

## **HSC Property Insurance Program**

The insurance program is managed by HSC's subsidiary, HSC Insurance Inc. (formerly SoHo Insurance), and assures providers of continuity of coverage in the event of "catastrophic" loss, for example as a result of fire or flood, regardless of provider claim history. Local Housing Corporations and non-profit providers must participate but co-operative housing providers do not have to participate as they access group insurance through CHF-Canada. Local Housing Corporations (but not non-profit providers) can "opt-out" of the legislative requirement to participate by ministerial consent.

The program operates on a "strength of many" principal, where pooled providers spread risk and ensure premiums are not adversely affected, and stay affordable even after major claims.

In 2013, as part of a broader program redesign, HSC started allowing providers to seek other insurance providers under certain circumstances, in exchange for an administration fee of 2.5% of the annual premium. As part its program, HSC provides education and risk management training to providers to assist in controlling risk and claims (e.g. hoarding, kitchen fires, etc.). The HSC program provides insurance to a broader range of providers than those required to participate – including some emergency shelters and supportive housing providers.

## **HSC Bulk Natural Gas Purchasing Program**

The purchase of bulk natural gas is negotiated by HSC with natural gas wholesalers. Local Housing Corporations must participate, but can "opt-out" of the legislative requirement to participate by ministerial consent. Non-profit housing and co-operative housing providers are not required to participate.

HSC also provides value-added services with the gas program such as energy monitoring tools, and conservation measures and programs. HSC is currently in the midst of implementing a program redesign.

### **HSC Pooled Capital Reserve Investment Program**

This program enables housing providers to pool their capital reserves and operating surpluses in registered investment vehicles to maximize their returns and protect their capital. The pooling of capital and operating reserves is managed by Encasa Financial Inc. Local Housing Corporations and non-profit providers must participate. Co-operative housing providers are not required to participate in the capital reserve pooling program. At the time the SHRA came into effect, predecessors to Toronto Community Housing Corporation, Peel Housing Corporation, and Ottawa Community Housing Corporation were exempted from participation and continue to be exempt under the HSA.

HSC has taken steps to broaden its market and participation in the fund through new partners. In 2014, HSC divested portions of its interest in Encasa to the British Columbia Non-Profit Housing Association, the Co-operative Housing Federation Canada, and the Co-operative Housing Federation of British Columbia.