

TORONTO STAFF REPORT

June 23, 2004

To: Community Services Committee
From: Commissioner of Community and Neighbourhood Services
Subject: Update on the Social Housing Services Corporation (SHSC)

Purpose:

This report provides an update on the Social Housing Services Corporation (SHSC), a province-wide organization, which was created by the Social Housing Reform Act, 2000 to provide housing-related services for both municipal service managers and social housing providers across Ontario.

Financial Implications and Impact Statement:

There are no financial implications arising from this report.

Recommendations:

It is recommended that this report be received for information.

Background:

The Social Housing Services Corporation (SHSC) was created on February 1, 2002 by the *Social Housing Reform Act, 2000* (SHRA). SHSC was established on the recommendation of two advisory committees composed of municipal and housing stakeholders. These committees recognized the need for a number of services to be managed province-wide to support municipal service managers and housing providers.

The SHRA established SHSC as a corporation representing the interests of municipal service managers, local housing corporations and the non-profit and co-operative housing providers previously administered by the provincial government. SHSC is the only province-wide organization that provides a forum for both service managers and providers.

SHSC is unique in having as members:

- all 640 former provincially-administered non-profit housing corporations
- all 260 former provincially-administered co-operative housing corporations
- all 47 local housing corporations (LHCs)
- all 47 municipal Service Managers which fund and administer social housing

In addition, former federal non-profits and dedicated supportive housing providers are customers of SHSC businesses.

Although created by legislation, SHSC operates as a self-sustaining independent corporation. It is not a provincial agency nor is it a division of the Province of Ontario. SHSC is a not-for-profit corporation governed by a 15-member board of directors. The majority of board members are service manager representatives.

The founding board was appointed by the Minister of Municipal Affairs and Housing in early 2002. New service manager and housing provider board members are nominated and selected through the SHSC membership. Turn-over of board members is staggered over a three year period, with housing provider representatives turning over in one year, service manager representatives the next and the two Ministerial appointments turning over in the third year. A list of current members of the SHSC Board of Directors is attached as Appendix A. SHSC is currently calling for nominations for the eight board members representing service managers who see their terms end this year.

The *Social Housing Reform Act, 2000*, established SHSC with four mandates:

- Research & Best Practices
- Coordination of Group Insurance for Housing Providers
- Investing of Capital Reserves
- Bulk Purchasing

This legislation also granted SHSC the powers to provide education and training as well as undertake studies and provide advice on how to improve process, reduce costs, and make the provision of social housing in Ontario more effective.

SHSC has incorporated a separate company to manage the capital reserve investment program which currently administers \$250 million in investments. SHSC Financial Inc. (SHSCFI) operates under the direction of an 11-member board of directors composed of individuals with financial and housing expertise. SHSCFI board members are named by the Ontario Non-Profit Housing Association (ONPHA) and Co-operative Housing Federation of Canada (CHF Canada), as well as SHSC. A list of current members on the SHSCFI board of directors is attached as Appendix B.

Comments:

(1) Research & Best Practices for Housing

SHSC's mandate to undertake studies and provide advice to the province, service managers and housing providers for the efficient and effective provision of "housing" is

an opportunity to add value for the social housing community. SHSC's structure lends itself to facilitating and supporting all stakeholders in linking resources for both existing and new social housing.

The long-term vision for the organization has been established by the board of directors that SHSC be positioned as a facilitator, a partner and a vehicle for sharing information, offering services and resources.

SHSC is currently working with the Ontario Municipal CAO's Benchmarking Initiative (OMBI) to develop best practices and performance indicators for service managers with regard to housing. SHSC is also partnering with the non-profit and co-operative housing provider sector organizations to develop best practices and performance indicators for housing providers.

The social housing community has stressed the need to rebuild the capacity to both manage current housing and deliver new housing programs. In response, SHSC has introduced an electronic compendium of pre-qualified experts in housing to provide members with access to services ranging from human resources and governance to technical expertise.

(2) Group Insurance for Housing

SHSC delivers group insurance to LHCs and prescribed non-profits under the following coverage's: Property Insurance, Comprehensive General Liability, Crime, Property Manager's Errors & Omissions, Miscellaneous Errors & Omissions, Umbrella, Boiler/Machinery, and Directors & Officers Liability. Co-operative housing providers are exempt from SHSC's insurance program as they currently participate in a group insurance program administered by their sector organization.

The current insurance market is extremely hard, with many insurers pulling out of non-traditional business. Rates have been increasing, and some insurers have cancelled existing business or refused to renew. Although an independent review found that the SHSC program rates were lower than the industry average, housing providers' premiums increased by an average of about 50 per cent, with some tripling or worse. SHSC is working with the broker/insurer and housing providers to manage the increases and minimize future increases with close attention to claims and risk management. SHSC is currently piloting a risk management training program for housing providers to better educate providers on how to mitigate risk with the intent to reduce premiums.

(3) Capital Reserve Program for Government Funded Housing

Operating agreements currently in place require housing providers to set aside an annual allocation to a capital reserve fund. In 1999, the Provincial Auditor recommended that housing providers pool these capital reserves for investing purposes and have a wider range of investment options available to them, with a view to earning higher returns.

The *Social Housing Reform Act, 2000* and related regulations requires prescribed non-profits and co-ops to participate in an investment program coordinated by SHSC. Since the Toronto Community Housing Corporation (TCHC) already has an investment program, they are exempted by Regulation from the mandatory participation in the capital reserve pool.

In May 2002, the Ministry transferred to SHSC a contract with Phillips, Hager & North to manage the investment funds for providers' reserves. Also included in this contract were terms providing for education, development of investor tools, and regional meetings with providers. In September 2002, SHSC set up a subsidiary corporation, SHSC Financial Inc. and in February 2003, four mutual funds were launched following extensive communication and province-wide information sessions for housing providers. There is currently \$250 million of capital reserves invested in these four funds.

SHSC has contracted with the housing provider sector organizations to develop and deliver an extensive education program on capital reserve planning, cash management, and investing. The program was piloted in late 2003 and formal training began in April 2004 and will be offered across Ontario over the course of the year.

(4) Bulk Purchasing

Under the *Social Housing Reform Act, 2000*, SHSC has a mandate to establish and manage schemes for the joint purchase of goods and services.

A natural gas purchasing program for LHCs was transferred from the Ontario Housing Corporation (OHC) to SHSC in May 2002. SHSC's board has developed a long-term strategy to purchase gas up to four years ahead to stabilize prices for LHCs and take advantage of dips in pricing. (OHC had previously purchased gas for the current year only.) Currently, SHSC has committed \$24 million annually in gas purchases through to the year 2007.

SHSC is currently investigating other potential bulk purchasing options, to add value for service managers and housing providers while not duplicating existing programs. One focus is energy management, to assist housing providers in dealing with the financial impact of rising electrical and fossil fuel costs.

Conclusions:

The Social Housing Services Corporation (SHSC) was created on February 1, 2002 by the *Social Housing Reform Act, 2000* (SHRA) to provide a number of province-wide programs and services to support municipal service managers and housing providers. SHSC is not a provincial agency nor is it a division of the Province of Ontario. SHSC is a not-for-profit corporation which operates as an independent, self-sustaining corporation and is governed by a 15-member board of directors. SHSC is the only province-wide organization that provides a forum for both service managers and providers.

This report provides an update on activities under the four mandates established for SHSC by the SHRA: research and best practices, co-ordination and group insurance, investing of capital reserves and bulk purchasing.

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Commissioner of Community and Neighbourhood Services

List of Attachments:

Appendix A: List of Current SHSC Board of Directors
Appendix B: List of Current SHSCFI Board of Directors

Appendix A: SHSC Board of Directors

Dr. Gordon J. Chong, Chairman and CEO of SHSC as well as Chairman of GO Transit, former chairman of the Metropolitan Toronto Housing Authority (MTHA)

Roger Maloney, CAO of the Region of Peel, Vice-Chairman of SHSC

Bas Balkissoon, Toronto City Councillor

Derek Ballantyne, CEO of the Toronto Community Housing Corporation.

Phil Brown, General Manager, Shelter, Housing and Support Division, City of Toronto

Jennifer Murdoch, General Manager, Clarion Co-operative Homes

Colin Gage, General Manager, Victoria Park Community Homes

Merv Hughes, Manager of Social Housing for the Counties of Haldimand and Norfolk

Don McCausland was Mayor of the Municipality of Grey Highlands and a Grey County Councillor.

Lori-Anne McDonald, President of the Ontario Council of the Co-operative Housing Federation of Canada, owner/operator of Marlor Management, which manages 11 non-profits and co-ops in the Greater Sudbury area

Gerry Moss, Director, Port Elgin Rotary Non-Profit Accommodations

Andrew Paton, Q.C., lawyer

Howard Robinson, member of Council for the City of Kawartha Lakes; President of Lindsay Non-Profit Housing Corporation

Dr. Gerald Rogers: Deputy Mayor of the Town of Hanover; member of Grey County Council

Jo-Ann Thompson: former Chair and current Board Member of NOSDA, (northern Service Managers) Vice-Chair, Timiskaming District Social Services Administration Board; Reeve, Larder Lake Town Council

Appendix B: SHSC Financial Inc. Board of Directors

Dr. Gordon Chong, Chairman and CEO, Social Housing Services Corporation; Ex-officio chairman, SHSC Financial

Len Brittain, Director, Treasury and Financial Services, City of Toronto

Phil Brown, General Manager, Shelter, Housing & Support Division, City of Toronto and SHSC board-to-SHSCFI board liaison

Danielle Cécile, Executive Director, Federal Co-operative Housing Stabilization Fund

Dino Chiesa, President and CEO, Residential Equities REIT

Brian Coleman, retired investment manager; former Vice-President, Fixed Income with Co-operators Investment Counselling Ltd.

James Donegan, CFA, Senior Portfolio Manager, External Funds, OMERS

Arthur Donner, PhD, Economic Consultant

Michelle Rypstra, CGA, General Manager, Durham Regional Non-Profit Housing Corporation

Keith Ward, Commissioner of Housing and Property, Region of Peel

Richard White, FSA, FCIA, FP, RFP, Vice-President, Research Capital Financial Inc.