



ONTARIO NON-PROFIT
HOUSING ASSOCIATION

October 12, 2017

The Honourable Peter Milczyn
Minister of Housing and Minister Responsible for
the Poverty Reduction Strategy
17th Floor – 777 Bay Street
Toronto, ON, M5G 2E5

Dear Minister Milczyn,

[RE: Mandatory Services Provided by the Housing Services Corporation](#)

Thank you for the opportunity to provide input regarding the mandatory services offered to social housing providers through the Housing Services Corporation (HSC).

As you may know, the Ontario Non-Profit Housing Association (ONPHA) is a member-funded and member-directed association that represents non-profit landlords and local housing corporations throughout the province. Our more than 700 member organizations manage units in 220 communities and house some of Ontario's most vulnerable, marginalized residents including seniors, low-income families with children, Aboriginal people, the working poor, victims of violence and abuse, people living with developmental disabilities, mental illness, HIV/AIDS or addictions, and the formerly homeless/hard to house. ONPHA regularly advocates on behalf of our members, as well as the more than 500,000 Ontarians who are in need and living in or waiting for affordable housing.

Like the Ministry of Housing, ONPHA believes that the sustainability and modernization of the social housing sector is essential. We continue to be active participants in the Province's ongoing sector modernization discussions, and we commend you for examining the important issue of housing provider services.

Given ONPHA's role as a representative of the sector, we consulted our membership on the questions posed. To do so, we distributed a survey to each of our housing provider members seeking feedback on HSC's mandatory and non-mandatory programs, whether alternatives had been explored, and whether there was support for the elimination of the reciprocal obligation. We asked that one person complete the



survey on behalf of each housing provider. Overall, 137 organizations completed this survey which represents a good response rate, given the short timeframe. Please find the summary results of this survey enclosed.

Any changes to housing provider services will inevitably have impacts, and the sector will need time and support to adapt to new realities. We encourage the Ministry to consider and plan for this, and to work collaboratively with stakeholders as options towards the development of potential policy are examined. ONPHA has the unique ability to widely engage our membership on these important topics and issues, and we are available and eager to take part in ongoing discussions. We remain deeply committed to working with government, sector partners and our membership towards achieving a strong, vibrant and sustainable social housing in Ontario.

Sincerely,

Marlene Coffey
Executive Director

Enclosure

Cc. Janet Hope, Assistant Deputy Minister, Ontario Ministry of Housing
Howie Wong, CEO, Housing Services Corporation

Analysis of the ONPHA Membership Survey on the HSC mandatory Programs



ONTARIO NON-PROFIT HOUSING ASSOCIATION

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1. BACKGROUND:

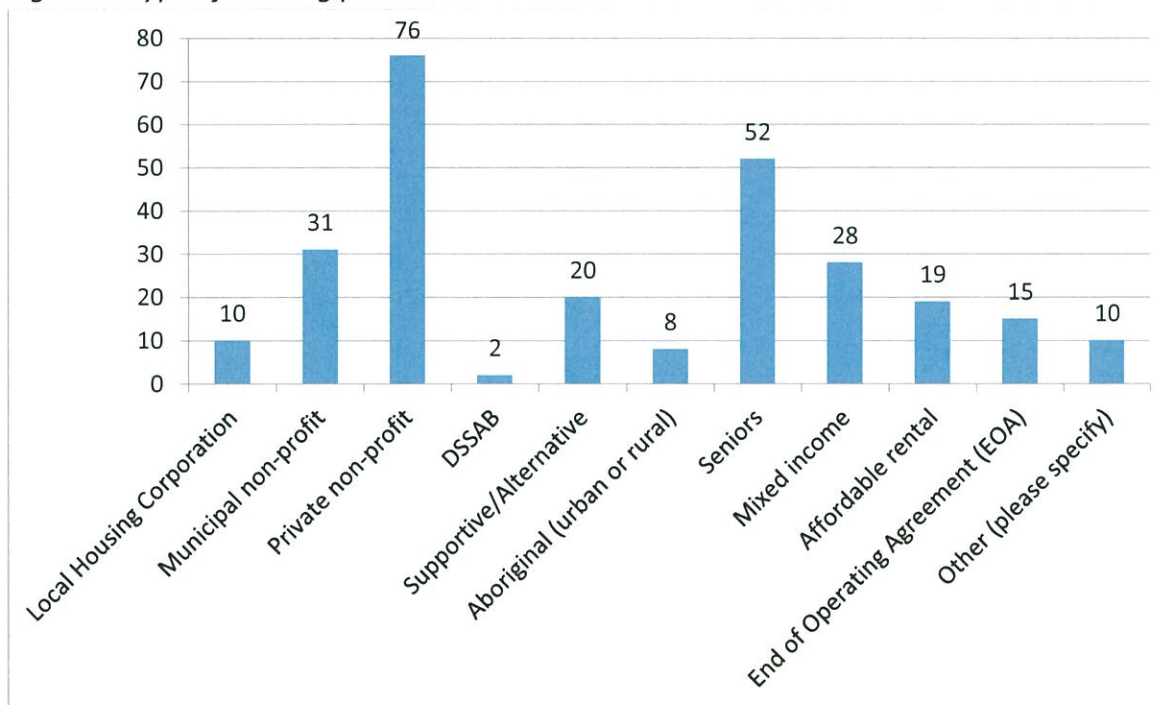
On August 31, 2017 the Minister of Housing sent a letter requesting ONPHA’s opinion about the value of continued housing provider participation in provincially-mandated services provided by the Housing Services Corporation (HSC). To inform a response to the questions posed, ONPHA developed a short survey to gather member feedback. ONPHA distributed this survey via SurveyMonkey to the primary contact for each housing provider member on September 12, 2017 and requested that one person from each organization complete it by September 19, 2017.

This survey was sent to 710 ONPHA members, and there was a response rate of 19% with 137 organizations completing the survey.

2. SURVEY RESPONDANT DEMOGRAPHICS

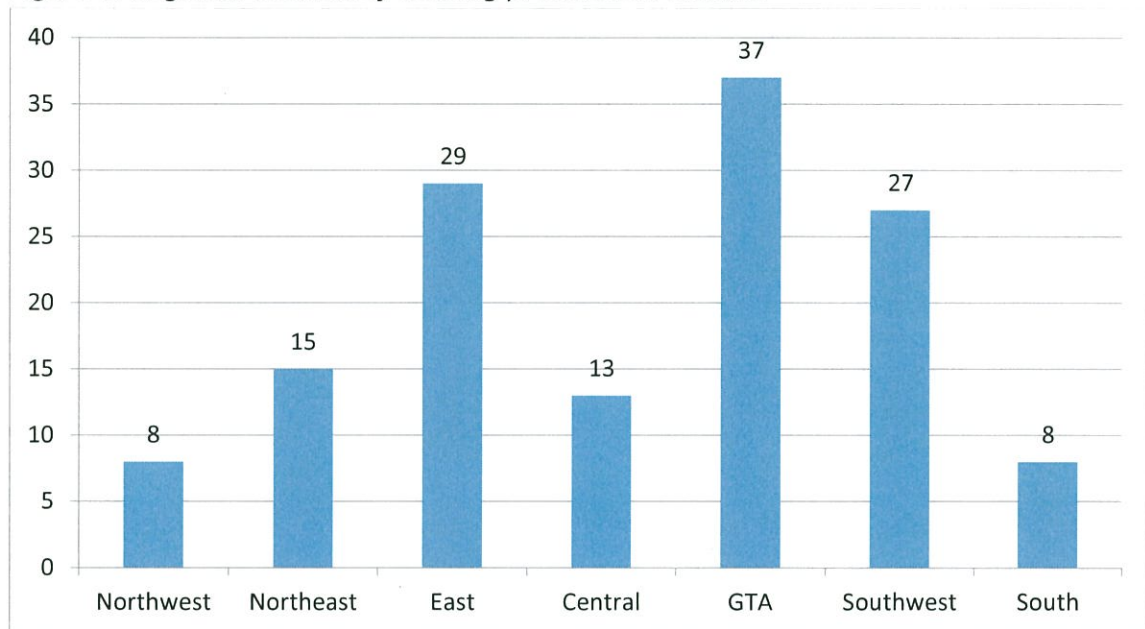
- a) Type of Housing Provider: Survey respondents were asked to identify what type of housing provider they were, and were asked to select as many options as applied to their portfolios. All 137 respondents provided an answer to this question, and Figure 1 below displays the breakdown.

Figure 1: Type of housing provider



- b) Regional Location in Ontario: Survey respondents were also asked to identify where in Ontario they are located, and Figure 2 below displays this information.

Figure 2: Regional location of housing providers in Ontario



3. HSC's MANDATORY PROGRAMS

- a) HSC's Gas Program: HSC negotiates with natural gas wholesalers for the bulk purchase of natural gas. LHC's must participate, but can "opt-out" with ministerial consent. Other non-profit housing providers are not required to participate in this program. ONPHA asked survey respondents if their organization was currently participating, and asked them to select 1 of 5 options. Overall, 134 survey respondents answered this question, and Table 1 provides a breakdown of the answers given:

Table 1: Are housing providers currently participating in HSC's gas program?

	# of Respondents	% of Respondents
Yes, we are required to participate	6	4%
We are required to participate but have opted out	2	1%
We are not required to, but voluntarily participate	19	14%
No, we are not required to and we do not participate	94	70%
I do not know if we participate	13	10%



If survey respondents said they were required to participate (whether they had opted out or not), ONPHA asked them if their organization had looked into alternatives. Of the 8 organizations that said they were required to participate, 7 said they had looked into alternatives and 1 said they had not.

Those who indicated that they had looked into alternatives were asked about their opinion of them and the following themes and/or significant comments emerged:

- Alternatives are better (6 comments or 75%)
- Alternatives are not better or are similar (2 comments or 25%)

It is also important to note that ONPHA received 2 separate emails from members who said that they do not participate in the HSC Gas Program because natural gas is not available in their area. Not including this as an option was a limitation of this survey.

- b) HSC's Insurance Program: HSC's insurance program is managed by HSC's subsidiary, HSC Insurance Inc., and it assures certainty of coverage in the event of "catastrophic" loss regardless of provider claim history. LHCs and non-profit providers must participate. LHCs can "opt-out" with ministerial consent, but non-profit providers cannot. The insurance program also offers insurance as an option to a broader range of providers than those who are legislatively required to participate (i.e. supportive housing).

We asked survey respondents if their organization was currently participating, and asked them to select 1 of 5 options. Overall, 128 survey respondents answered this question, and Table 2 provides a breakdown of the answers given:

Table 2: Are housing providers currently participating in HSC's insurance program?

	# of Respondents	% of Respondents
Yes, we are required to participate	54	42%
We are required to participate but have opted out	21	16%
We are not required to, but voluntarily participate	21	16%
No, we are not required to and we do not participate	27	21%
I do not know if we participate	5	4%

If survey respondents said they were required to participate (whether they had opted out or not), ONPHA asked if their organization had looked into alternatives. Of the 75 organizations that indicated they were required to participate (including the 21 that had already indicated they had opted out), 44 said they had looked into alternatives and 31 organization said they had not.



Those who indicated that they had looked into alternatives were asked about their opinion of them and the following themes and/or significant comments emerged:

- Alternatives are better (27 comments)
- Alternatives are better even with the opt-out penalty charge to HSC (2 comments)
- Local options are better and/or preferred (2 comments)
- Alternatives are not better and/or they are comparable (13 comments)
- Organizations have difficulty obtaining quotes from other insurers due to lack of cooperation from HSC (2 comments)
- Organizations would have difficulty obtaining quotes due to insurers knowing they would not receive the business due to the mandatory nature of the HSC program (1 comment)

In short, 31 of 47 comments (66%) indicated that the alternatives were better than HSC's program with 28% indicating that alternatives were not better or were comparable and 5% having difficulty exploring alternatives due to the mandatory nature of the program.

c) HSC's Capital Investment Program: HSC's pooled capital investment program is managed by HSC's subsidiary, Encasa Inc., and it pools housing provider capital reserves and operating surpluses in registered investment vehicles. With the exception of a few LHCs that were exempted, most LHCs and non-profit housing providers are required to participate. Providers have not had the ability to opt out as allowed under the insurance program.

We asked survey respondents if their organization was currently participating, and asked them to select 1 of 4 options. Overall, 125 survey respondents answered this question, and Table 3 provides a breakdown of the answers given:

Table 3: Are housing providers currently participating in HSC's capital investment program?

	# of Respondents	% of Respondents
Yes, we are required to participate	91	73%
We are not required to, but voluntarily participate	2	2%
No, we are not required to and we do not participate	30	24%
I do not know if we participate	2	2%

Of the 91 organizations that indicated they were required to participate, 25 organizations said they had looked into alternatives (27%), 61 organization said they had not (67%), and 5 said they did not know (5%).

Those respondents who indicated that they had looked into alternatives were asked about their opinion of them and the following themes and/or significant comments emerged (19 comments in total):

- Alternatives are better and/or preferred (15 comments)
- Local options are preferred (1 comment)
- Bad service with HSC programs has been experienced (2 comments)
- Alternatives are not better (1 comment)

4. HSC's "reciprocal obligation"

ONPHA also asked members about whether they would support eliminating the "reciprocal obligation" related to HSC's programs. Eliminating this would essentially give housing providers the freedom to choose their own vendors for insurance, natural gas and capital reserve investments, but it would also give HSC the right to refuse to provide these services to housing providers or LHCs.

It is not clear whether the concept of reciprocal obligation applies to all three programs or whether each program should be assessed separately. Each of the three programs has different purposes for a different set of housing providers. For example, TCHC, OCH and Peel Living are exempt via legislation from the capital reserve investment program. The Ministry will need to assess those differences as it considers its options.

Overall, 124 survey respondents answered this question, and the breakdown of these responses is presented below:

a) Those in support of eliminating the reciprocal obligation (44%)

54 survey respondents (44%) said they would be in support of eliminating the obligation. Of these respondents, 29 (54%) made additional comments as follows:

- Housing providers should have flexibility to choose and/or better deals can be found elsewhere (14 comments)
- Competition would lead to better rates and service (6 comments)
- Do not see the benefit of HSC programs and/or do not want to deal with HSC (3 comments)
- Housing providers would continue to use HSC programs if they were competitive (2 comments)



- Housing providers would use local options (2 comments)
- HSC programs are not suitable for all providers (2 comments)
- Would support the elimination of the obligation for gas and investment programs (1 comment)
- Might make it challenging for providers to get insurance, but HSC would have to justify any refusal within the context of their not-for-profit status and to their board (1 comment)

b) Those not in support of eliminating the reciprocal obligation (12%)

15 survey respondents (12%) said they would not be in support of eliminating this. Of these respondents, 10 (67%) made additional comments as follows:

- Being happy or satisfied with HSC services (4 comments)
- There being advantages to being part of a group program (2 comments)
- Potential challenges with housing providers securing services elsewhere (3 comments)
- There being potential extra burdens for housing providers if they have to secure services elsewhere (2 comments)
- The mandatory programs helping providers who may not have the right skills (2 comments)

c) Those who were unsure about whether or not they would support elimination of the reciprocal obligation (44%)

55 survey respondents (44%) said that they were unsure about whether or not they would be in support of eliminating the reciprocal obligation. Of these respondents, 17 (31%) made comments and these included the following:

- Need more information and/or stakeholder input before making a decision (7 comments)
- Housing providers should be able to choose their own vendors, and HSC should provide these services to housing providers (2 comments)
- This not applying to their program (3 comments)
- Concerns about how it could impact housing providers (2 comments)
- Being happy with one program, but not with the others (3 comments)

d) Housing provider type and regional breakdown of responses to the question about the reciprocal obligation

Figure 3: Responses about the reciprocal obligation by housing provider type

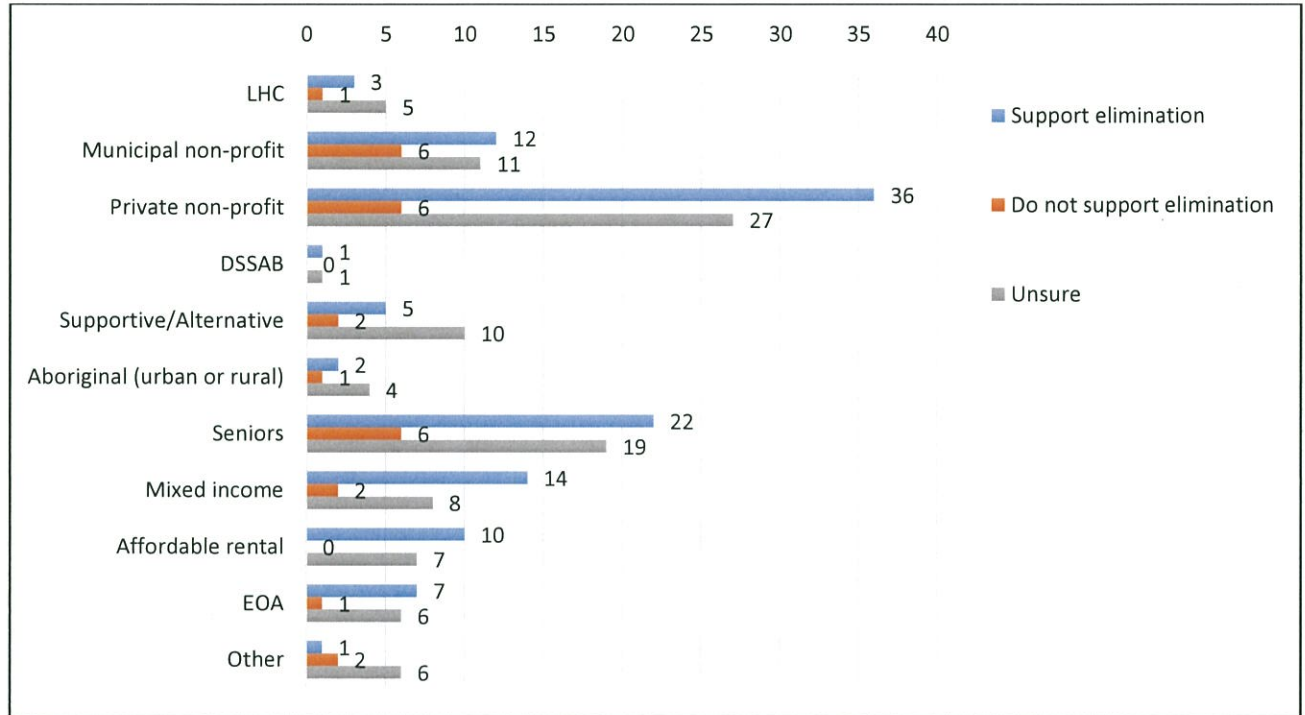
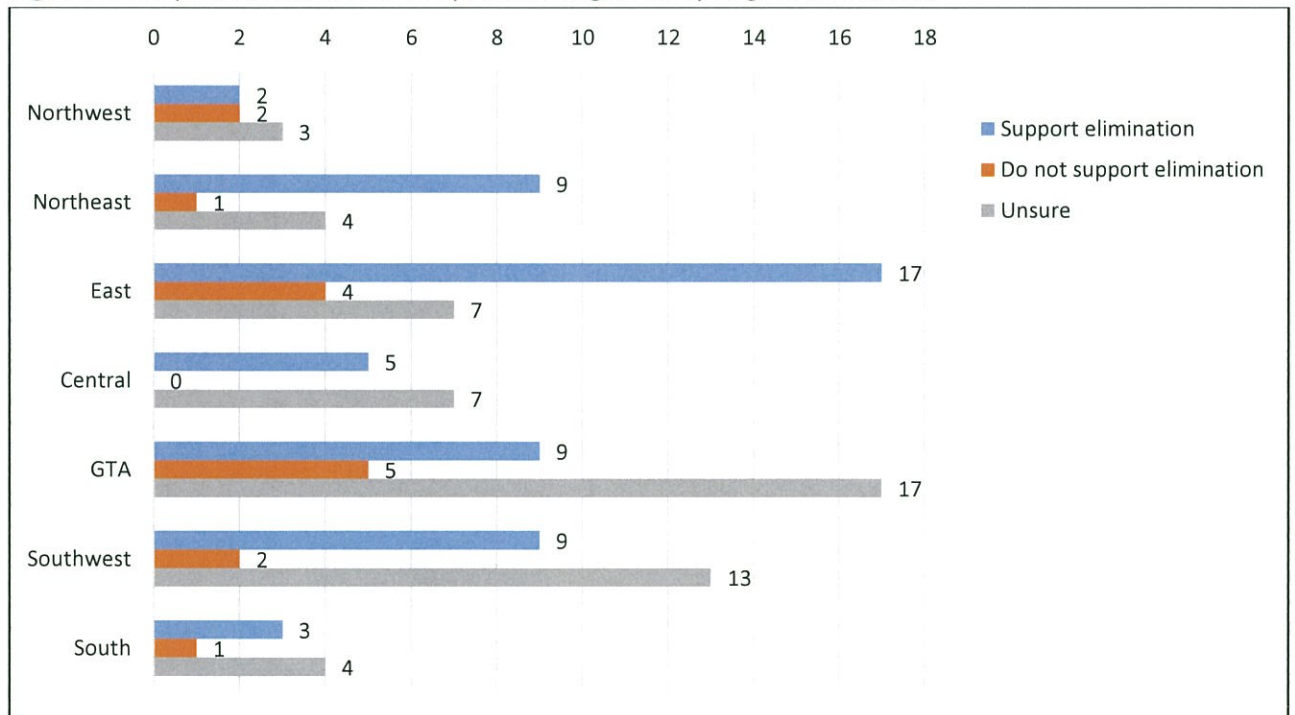


Figure 4: Responses about the reciprocal obligation by regional location





5. HSC's non-mandatory programs and services

ONPHA also asked survey respondents whether they had made use of HSC's non-mandatory programs and services. Overall, 123 survey respondents answered this question. 34 respondents said they had (28%), 55 said they had not (45%), and 34 said they did not know (28%).

The 34 respondents who said they had made use of the programs were asked to provide more information about which ones they used and their opinion of them. The following information/comments emerged:

- Of those that indicated they are using current programs:
 - 12 respondents referred to using HSC's programs voluntarily – i.e. those that are mandatory for other housing providers (gas, insurance, capital investment)
 - 9 respondents referred to asset management and technical services
 - 5 respondents referred to training, conferences or workshops
 - 5 respondents referred to the tenant insurance program
 - 2 respondents referred to risk analysis services
 - 2 respondents referred to energy programs
- 5 respondents referred to having used programs that no longer exist
- 5 respondents expressed that they found HSC services useful or adequate
- 4 respondents expressed that they were dissatisfied with HSC services or that HSC was not responding to them
- 1 respondent indicated that they wished HSC would send updates about their programs

6. Other significant comments made throughout the survey

There were also several other significant comments made throughout the survey that do not fit into any of the above themes and/or areas, but that are important to consider. These comments include the following:

- 3 respondents made reference to investing only what they are required to invest with Encasa, and investing other parts of their portfolio elsewhere
- 2 respondents expressed that they would like to see evidence of savings or a cost-benefit analysis of HSC programs
- 2 respondents expressed that they did not know whether HSC and ONPHA's gas programs were different
- 1 respondent said they reluctantly moved investments into Encasa so they would not lose their subsidy



- 1 respondent said they initially invested parts of their portfolio they weren't required to invest elsewhere but ultimately made the decision to return to Encasa
- 1 respondent said they believe they could get better deals elsewhere, but that Encasa was an important initiative to ensure that housing providers were getting an experienced approach to capital investments
- 1 respondent who was in favour of eliminating the reciprocal obligation said that they understood that corporations that are not governed as well might have difficulty keeping proper control of insurance and investments
- 1 respondent made a comment that HSC should be eliminated
- 1 respondent made a comment that the elimination of the reciprocal obligation would probably mean downloads to DSSABs
- 1 respondent expressed concern about the partial ownership of BC organizations in Encasa