



City of  
**Peterborough**

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**TO:** Members of the Joint Services Steering Committee

**FROM:** Malcolm Hunt, Director of Planning and Development Services

**MEETING DATE:** October 13, 2011

**SUBJECT:** Report PLHDJSSC11-03  
Competitive Bidding for Social Housing Insurance

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## **PURPOSE**

A report to inform Joint Services Steering Committee about the District Municipality of Muskoka Report No: CES-8-2011-4 dated August 8, 2011 concerning changes in the procurement requirements for social housing insurance.

## **RECOMMENDATION**

That Joint Services Steering Committee approve the recommendation outlined in Report PLHDJSSC11-03 dated October 13, 2011, of the Director of Planning and Development Services, as follows:

That Report PLHDJSSC11-03 Competitive Bidding for Social Housing be received for information.

## **BUDGET AND FINANCIAL IMPLICATIONS**

The budget and financial implications are unknown at this time.

## BACKGROUND

Correspondence has been received from the District Municipality of Muskoka seeking support for their resolution regarding Competitive Bidding for Community (Social) Housing Insurance. The matter was referred to staff.

Both the District Municipality of Muskoka and the Region of Waterloo have expressed concerns about changes to the Social Housing Services Corporation (SHSC) insurance program. The new Housing Services Act (HSA) requires former Local Housing Corporations (LHC) and most prescribed social housing providers to participate in the insurance program managed by SHSC. Starting on the effective date of the new legislation (January 2012), SHSC proposes to reduce opportunities for housing providers to “opt out” of their insurance program.

The main concern about SHSC’s new insurance program requirements is the restriction on competitive bidding, which will prevent housing providers from seeking and securing insurers other than through SHSC, and thus potentially increasing subsidy requirements, which are paid by Service Managers. (Insurance premiums are a component of social housing subsidies, and are subject to provincial indices, which fluctuate annually, typically lagging by one year.)

Insurance premiums for all multi-residential dwellings are going up, whether owned by private or non profit corporations. However, for prescribed social housing providers the increase is greater due to recent claims (e.g. Toronto Community Housing fire) in a pool of insured buildings and insurance industry concerns about undercapitalized social housing. Muskoka and Waterloo forecasts premium increases of 15% to 60% in 2012. This wide range reflects that some providers (with no recent claims) will experience no or low increases, whereas others (with recent claims) will experience higher increases in premiums.

SHSC has experience in managing insurance premium costs and obtaining competitive rates based on volume or bulk buying efficiency. The City has benefitted from “bulk” or “pooled” arrangements on mortgage renewals and insurance costs, discounted prices for the purchase of refrigerators and stoves through Ontario Non-Profit Housing Association, and bulk natural gas purchases through SHSC. The City of Peterborough has promoted bulk purchasing in some repair projects, (e.g. window replacement) which has saved money and resulted in high quality workmanship.

SHSC insurance program produces lower premiums for comparable insurance products, and is operated within provincial legislation and regulations. SHSC proposes to work with sector stakeholders to redefine and possibly redesign the insurance program, in 2012, and develop a proposal for consideration by their Board of Directors,

which consists of Service Managers and housing providers from across Ontario, and provincial staff.

Implications of SHSC insurance program participation for Peterborough:

- Currently there are four housing providers who opt-out of the SHSC insurance program. They will be required to participate in the insurance program in future years. Cost implications are not yet known.
- Peterborough Housing Corporation (PHC) has been required to participate in SHSC insurance program since 2000, so this does not change.
- PHC estimates a 50% premium increase in 2012 (\$185,000 up from \$123,000 in 2011) in part due to claims in recent years. The Housing Division's 2012 budget proposal can accommodate insurance premium increases for other impacted social housing providers. Further analysis in 2013 is necessary.

Housing Division staff sent out an insurance satisfaction survey to housing providers in early September. The results of the survey show that all are satisfied with their insurance companies, including the eight providers currently participating in the SHSC insurance program. The average insurance cost per unit is \$197 per year with a range from \$61 to \$400 in 2011. The wide range reflects City versus County locations and available fire protection/services, as well as built form, (e.g. single family home, high-rise or townhouse). The average increase in insurance premiums is 3.1% for 2011.

## SUMMARY

Social housing insurance costs are generally rising. SHSC will work with stakeholders to develop a new insurance program with the aim of minimizing costs, within the prescribed provincial rules. Housing provider satisfaction levels with SHSC insurance program are good. Those providers that currently "opt out" will be contacted by the Housing Division to ensure the change is managed as effectively as possible, and that appeals are made on a case-by-case basis to SHSC.

It is not recommended that the City of Peterborough take a position on the SHSC insurance program at this time.

Submitted by,

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Director of Planning and Development Services

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Attachments:  
Appendix A: District Municipality of Muskoka Report CES-8-2011-4  
Appendix B: Regional Municipality of Waterloo Joint Services Steering Committee  
Report June 29, 2011