



Notice **No: 10-13**

APPLICABLE TO:

DATE: September 30, 2010

<input checked="" type="checkbox"/>	Municipal & Private Non Profit
<input checked="" type="checkbox"/>	Co-operatives
<input type="checkbox"/>	Federal Non Profits
<input type="checkbox"/>	OCHAP/CSHP
<input type="checkbox"/>	Rent Supplement

<input checked="" type="checkbox"/>	Mandatory
<input type="checkbox"/>	For Information

SUBJECT: 2011 Cost and Revenue Indices for Housing Providers

Background

On an annual basis, the Ministry of Municipal Affairs & Housing provides indices for costs and revenues to calculate subsidies under the *Social Housing Reform Act, 2000*.

Market Rent Indices

The Ministry has released the 2011 market rent indices, as shown on Appendix A. The market rent index is calculated as the lesser of the rent control guideline and the change in local average rents, by zone within NRH's service area.

Housing providers should use the market rent index to develop their operating budget for 2011.

Cost and Revenue Indices

Two Index Tables are shown on the attached Appendix B – one for 100% RGI non-profit providers and one for non-profit providers with mixed units (RGI and market) in their portfolio.

The numbers provided in Appendices A & B are percentages. To apply these indices in the subsidy calculation process, convert the number into an index factor by expressing the index as a decimal figure and adding 1.0. For example, 0.7% converts to a factor of 1.007.

Service Manager's Role

NRH will calculate housing providers' 2011 operating budget using the 2011 indices for both 100% RGI Non-Profit projects and Mixed (RGI & Market) Non-Profit projects.

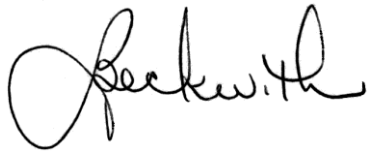
Housing Provider's Role

Housing providers are required to develop their 2011 operating budget in accordance with the 2011 indices as attached.

Housing providers are also reminded that the following information is required to be forwarded to NRH 90 days prior to the start of their fiscal year:

1. Market rents/housing charges for fiscal 2011
2. Estimated total RGI revenue
3. Estimated property taxes (include copy of final 2010 tax bill)
4. Estimated mortgage payments

If you have any questions regarding the 2011 market rent indices, please contact Donna Mino, Program Financial Analyst or your Housing Administrator at (905) 682-9201.



Lora Beckwith, General Manager

Attachments:

1. Appendix A - 2011 Market Rent Index by Area and Unit Type
2. Appendix B - 2011 Indices – Providers with Mixed (RGI/Market) Units

Appendix A

2011 Market Rent Index by Area and Unit Type**Apartment Units**

Area	% Change per CMHC	2011 Rent Control Guideline	NRH 2011 Market Rent Index
Fort Erie	6.4%	0.7%	0.7%
Niagara Falls Non-Core	0.4%	0.7%	0.4%
Niagara Falls Core & Non-Core (combined)	0.7%	0.7%	0.7%
St. Catharines Core	3.0%	0.7%	0.7%
St. Catharines Non-Core	3.8%	0.7%	0.7%
Welland	4.4%	0.7%	0.7%
Smithville	3.4%	0.7%	0.7%

Townhouse Units

Area	% Change per CMHC	2011 Rent Control Guideline	NRH 2011 Market Rent Index
Niagara Falls Non-Core	-1.1%	0.7%	-1.1%
St. Catharines Non-Core	-4.0%	0.7%	-4.0%
St. Catharines Core	0.0%	0.7%	0.0%
Welland	0.0%	0.7%	0.0%
Smithville	0.0%	0.7%	0.0%

Mixed Units

Area	% Change per CMHC	2011 Rent Control Guideline	NRH 2011 Market Rent Index
Fort Erie	2.8%	0.7%	0.7%
Niagara Falls Non-Core	-0.4%	0.7%	-0.4%
Niagara Falls Core & Non-Core	0.1%	0.7%	0.1%
St. Catharines Non-Core	-0.1%	0.7%	-0.1%
St. Catharines Core	1.5%	0.7%	0.7%
Thorold	1.7%	0.7%	0.7%
Welland	2.2%	0.7%	0.7%
Beamsville	2.2%	0.7%	0.7%
Crystal Beach	2.8%	0.7%	0.7%
Pt Colborne	1.7%	0.7%	0.7%

Appendix B

2011 Indices – Providers with Mixed (RGI/Market) Units

Benchmark Costs	Item	Description	2011 Index
Benchmark Costs	Administration and Maintenance	Ontario CPI all items	1.93%
	Insurance	Ontario CPI – homeowner’s home and mortgage insurance sub-index	14.14%
	Bad Debt	Market Rent Index	Appendix A
	Electricity	Ontario CPI – Electricity sub-index	8.99%
	Water	Ontario CPI – Water sub-index	6.13%
	Natural Gas	Ontario CPI – Natural Gas sub-index	6.49%
	Oil and Other Fuel	Ontario CPI – Oil and other fuel sub-index	16.66%
	Capital Reserves	Ontario CPI all items	1.93%
Benchmark Revenues	Indexed Market Rent	Market Rent Index	Appendix A
	Vacancy Loss	Market Rent Index	Appendix A
	Non Rental Revenue	Factor of 1	Factor of 1

2011 Indices – Providers with 100% RGI

Benchmark Costs	Item	Description	2011 Index
Benchmark Costs	Administration and Maintenance	Ontario CPI all items	1.93%
	Insurance	Ontario CPI – homeowner’s home and mortgage insurance sub-index	14.14%
	Bad Debt	Ontario CPI all items	1.93%
	Electricity	Ontario CPI – Electricity sub-index	8.99%
	Water	Ontario CPI – Water sub-index	6.13%
	Natural Gas	Ontario CPI – Natural Gas sub-index	6.49%
	Oil and Other Fuel	Ontario CPI – Oil and other fuel sub-index	16.66%
	Capital Reserves	Ontario CPI all items	1.93%