Niagara Regional Housing

Notice No: 20-11

APPLICABLE TO:

X	**Municipal & Private Non Profit**
X	**Co-operative**
	Federal Non Profit
	OCHAP/CSHP
	Rent Supplement

DATE: September 1, 2020

X	**Mandatory**
	For Information

SUBJECT: Housing Provider Retention of 50% Operating Surplus - Revision

Background

The *Housing Services Act 2011 (HSA) s. 78* and *O. Reg. 369/11 s. 5.; s. 9.* provides the funding formula for the calculation of housing providers' operating subsidies. The formula for year-end reconciliations indicates "*the surplus is an amount equal to 50 percent of the provider's surplus for the fiscal year as determined under section 9, or such lesser amount as the service manager may determine*". The housing provider is required to repay the remaining 50% of the year-end operating surplus for the fiscal year once an accumulated operating surplus that is equal to or greater than $300 per unit has been reached.

In Niagara, the current practice for provider year-end operating surplus dollars is to allow for 100% of the surplus to remain with the provider (if certain criteria was met) as long as the provider commits 50% to their operational reserves and 50% to capital reserves.

ANALYSIS

Studies to date have indicated that the capital expenditure dollars across Niagara Region needed to support the viability of existing stock are extensive. Maintaining the status quo of housing providers to continue retaining 100% of their annual surplus would directly affect Niagara Regional Housing's capacity to provide financial support to housing providers with those needs. Many providers would not be able to fund capital expenses to their buildings with the existing capital reserves they have. The risk of loss of housing units is significant and a realistic outcome should NRH not be in a position to provide capital reserve funding.

In order to meet affordable housing needs in Niagara innovative approaches to funding must be explored to sustain housing providers and support the goal of *"A Home for All".*

Ending the 50% surplus sharing with housing providers is one measure in the effort to work toward maintaining existing stock and keeping residents housed in Niagara. Return of 50% of the housing provider's surplus to NRH still allows for a partial deposit to the providers reserves but also allows for a pooling of dollars to support individual housing providers in emergency situations.

The returned surplus will be contributed to the Niagara Regional Housing Reserve to fund the proposed Capital Loan and Grant Program being developed by Niagara Regional Housing. The Program is to be considered as part of the Grants and Incentives Review being conducted by the Niagara Region for implementation in 2021.

Policy Change

Effective January 1, 2021

The practice of housing provider's retaining 100% of their year-end operating surplus dollars will end. Providers with fiscal years starting on and after January 1, 2021 will be required to return 50% of the housing provider year-end operating surplus to NRH.

Housing Provider Role

Housing provider staff are required to provide this Notice to their Board of Directors for information purposes.

Service Manager's Role

NRH will process year end reconciliations in accordance with this policy.

If you have any questions or concerns regarding this notice, please contact your Housing Administrator at (905) 682-9201.

Donna Woiceshyn, Chief Executive Officer