

Non-Profit Housing Funding Model Expiry of Mortgages



**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Board Meeting Presentation

July 18, 2019

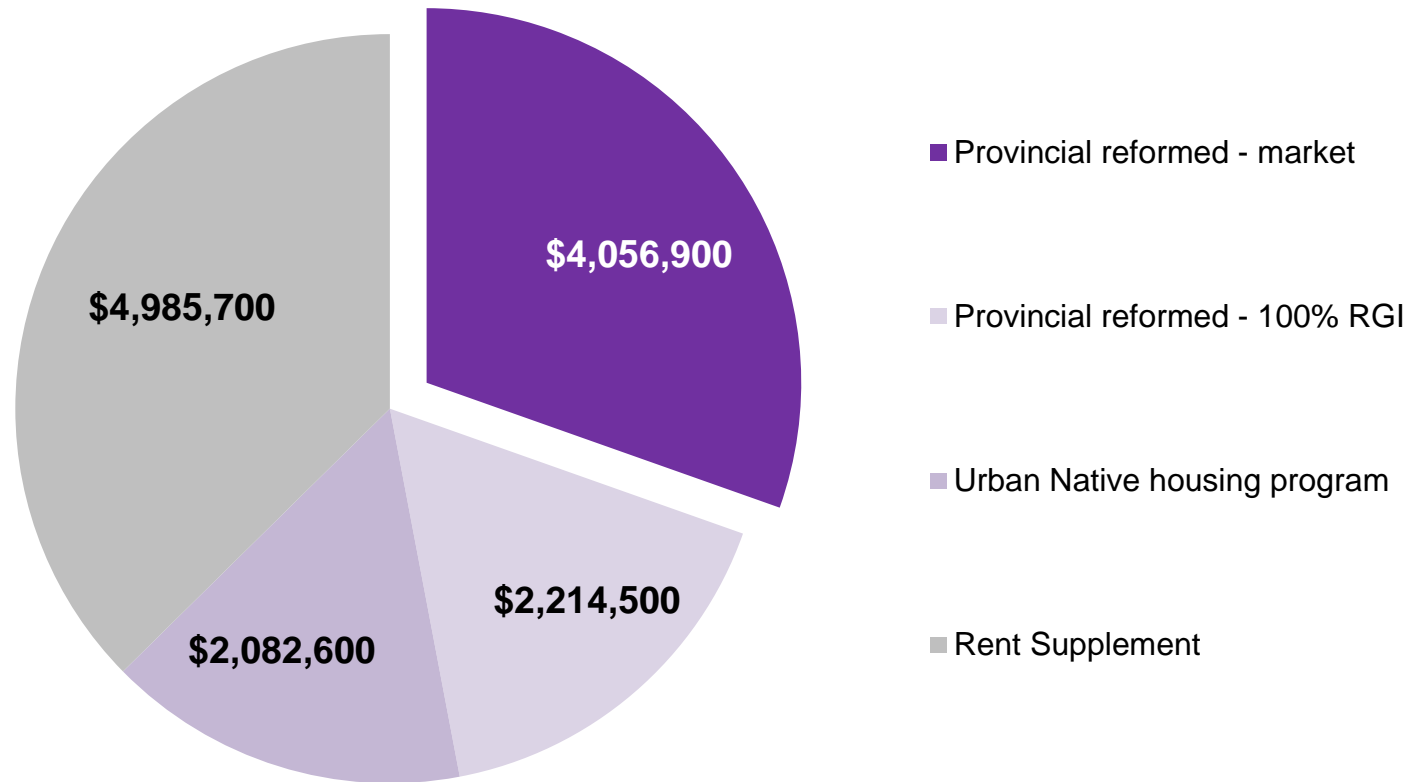
Presented by:

Ken Ranta, Director – Housing Services

Georgina Daniels, FCPA, FCA, Director – Corporate Services



Legacy Social Housing – 2019 Budget



Legacy Social Housing – Part VII Housing Projects

- ❖ Operating agreements replaced by the *Housing Services Act (2011)*
- ❖ Service Providers are listed in Ontario Regulation 367/11
- ❖ When mortgage expires, operations continue as normal
- ❖ Part VII service providers in the Act

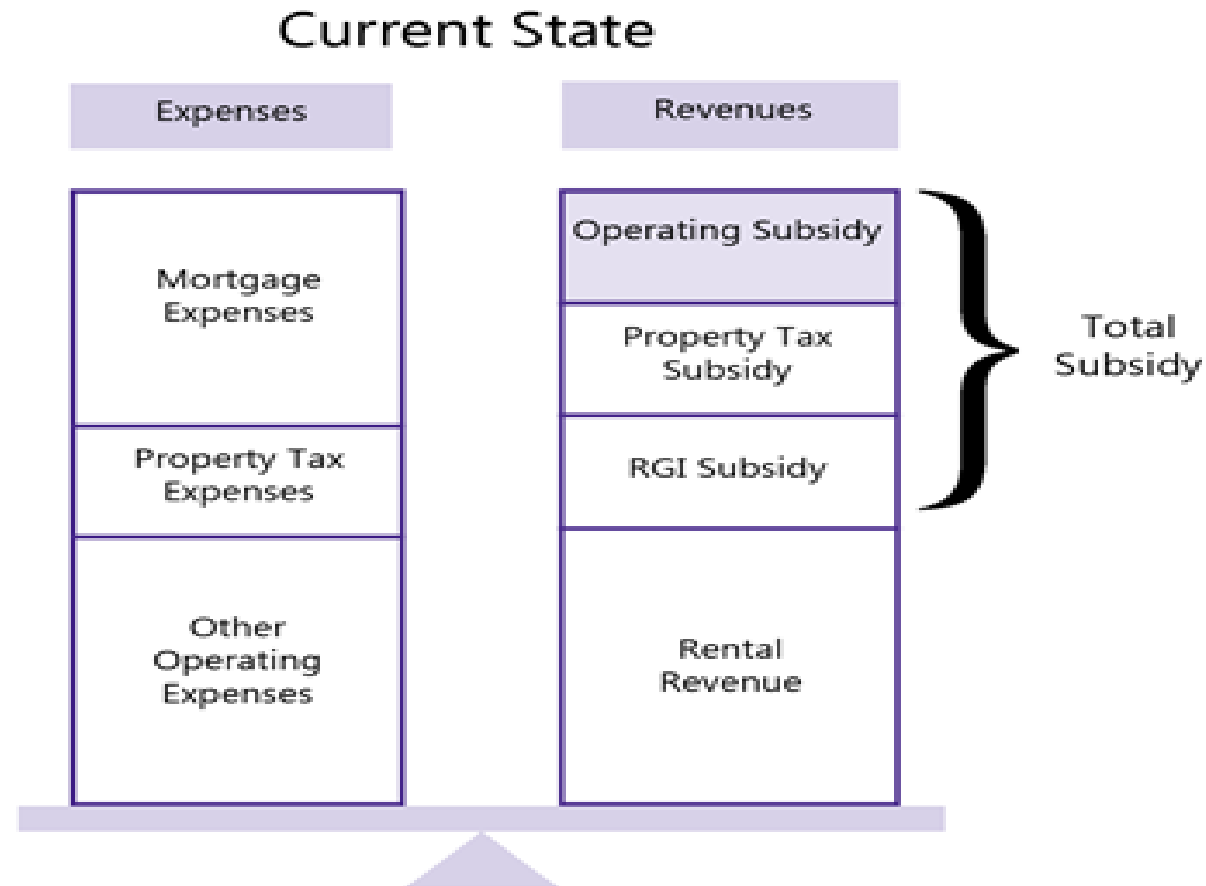


Provincial Reformed with a Market Component

- Chateaulac Inc.
- Fort William Legion Branch No. 6
- Holy Protection Millennium Home
- Kakabeka Legion Seniors Development Corporation
- Kay Bee Seniors Non-Profit Housing Corporation
- Lakehead Christian Senior Citizens Apartments Inc.
- Lutheran Community Housing Corporation
- Manitouwadge Municipal Housing Corporation
- Marathon Municipal Housing Corporation
- Red Rock Municipal Non-Profit Housing Corporation
- St. Paul's United Church Non-Profit Housing Corporation
- Suomi Koti of Thunder Bay Inc.

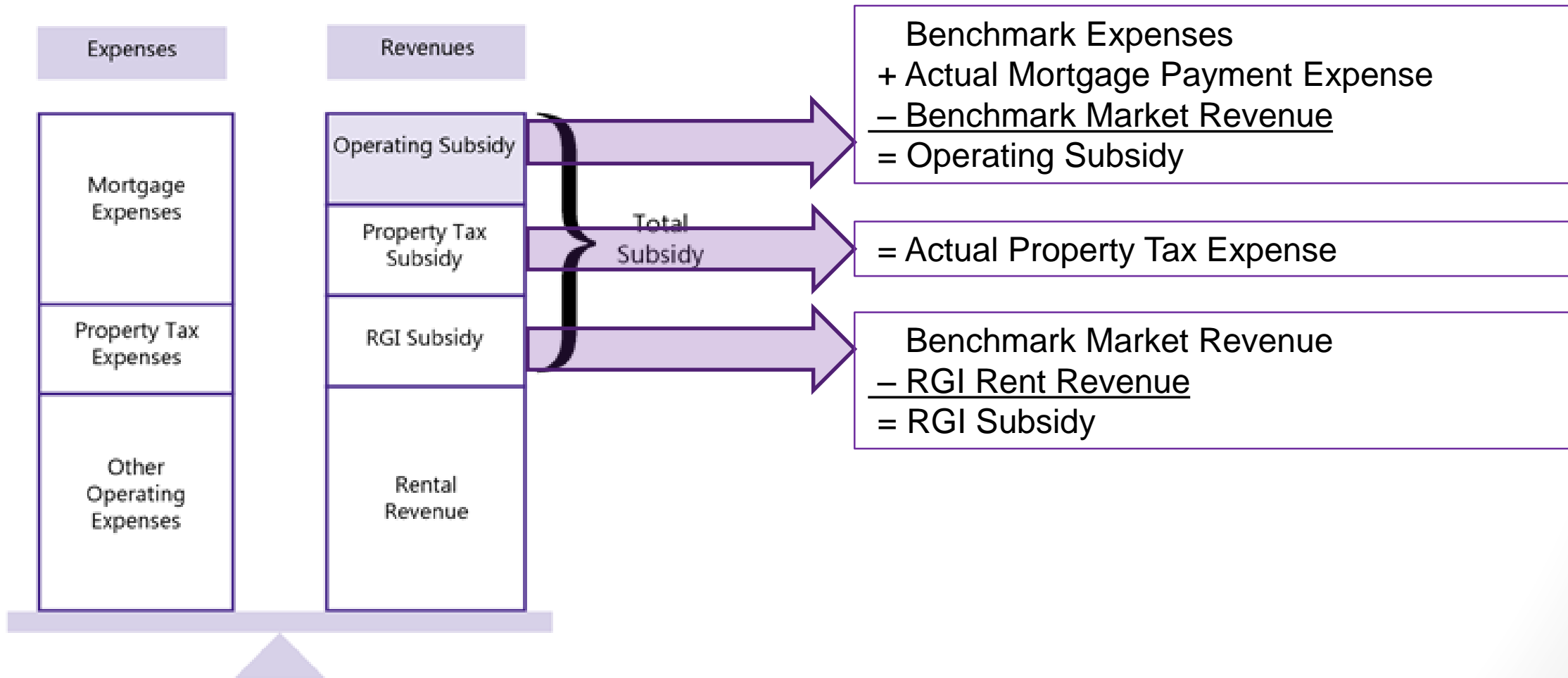


Provincial Reformed with a Market Component Current Funding Formula

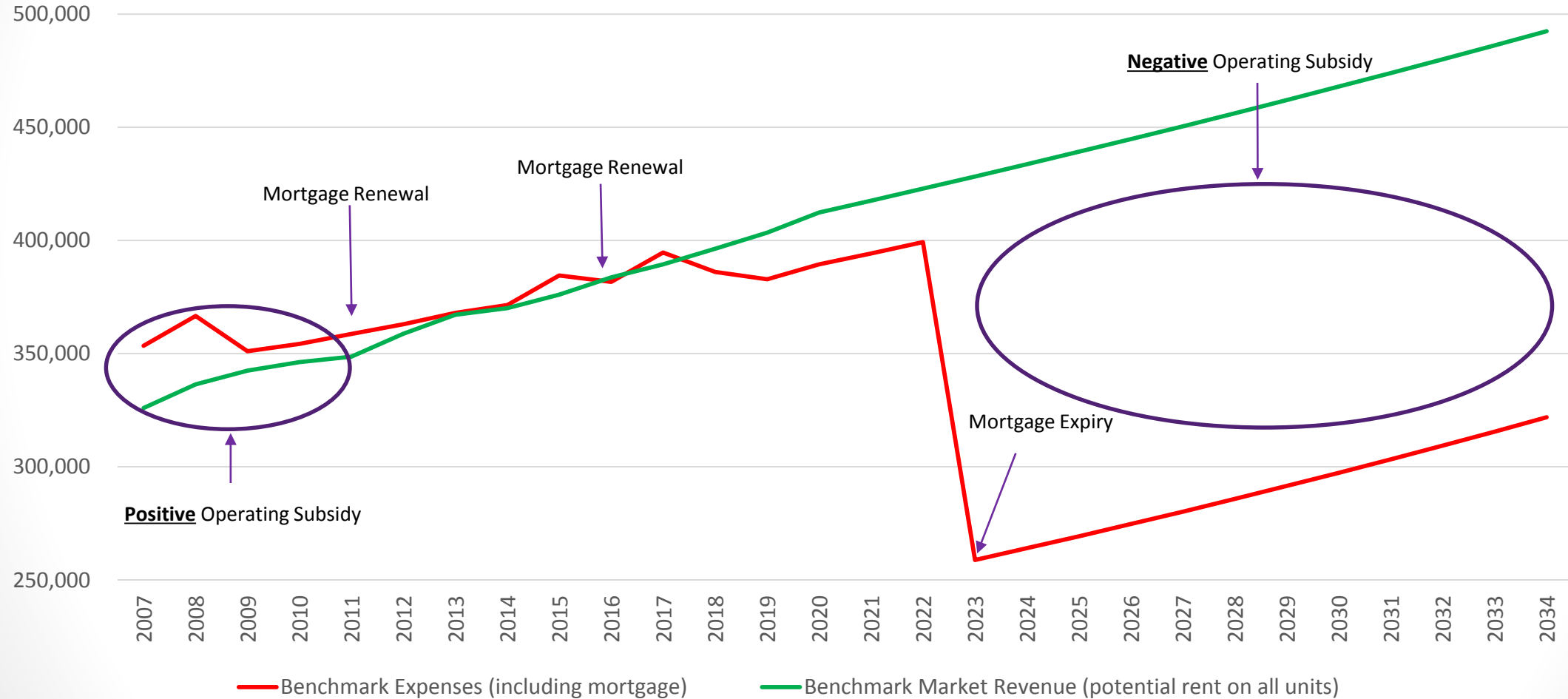


Provincial Reformed with a Market Component Current Funding Formula

Current State



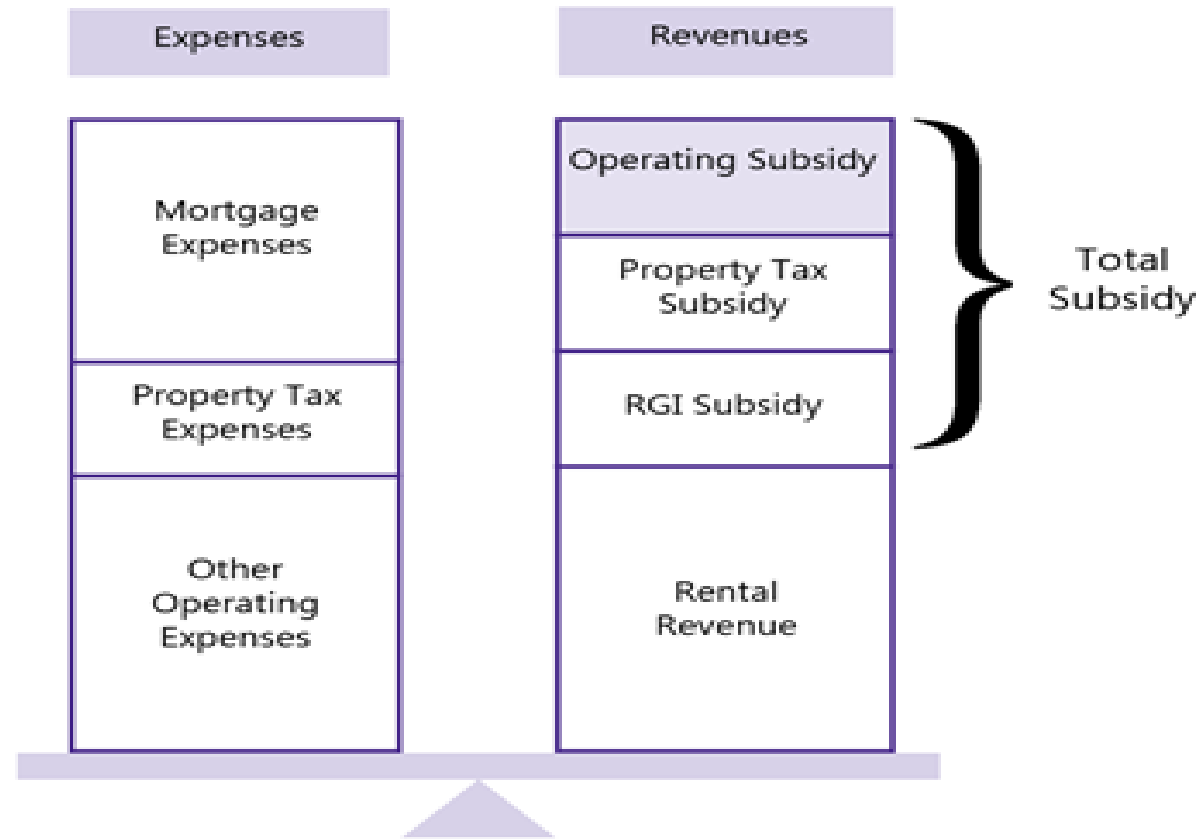
Operating Subsidy



Provincial Reformed with a Market Component

Current Funding Formula

Current State



Negative Total Subsidy Calculations

Example:

Operating Subsidy	(\$220,000)
Property Tax Subsidy	\$100,000
RGI Subsidy	<u>\$100,000</u>
Total Subsidy	(\$20,000)



Negative Operating Subsidy Calculations

CHF Resolution:

- ❖ Calls on the Province and Service Managers to fix the funding formula and eliminate negative Operating Subsidy.

ONPHA Recommendation:

- ❖ **Option 1** – alter funding formula to prevent against negative Operating Subsidy and re-evaluate current benchmarks.
- ❖ **Option 2** – allow Housing Providers to opt-out and enter into rent supplement agreements.



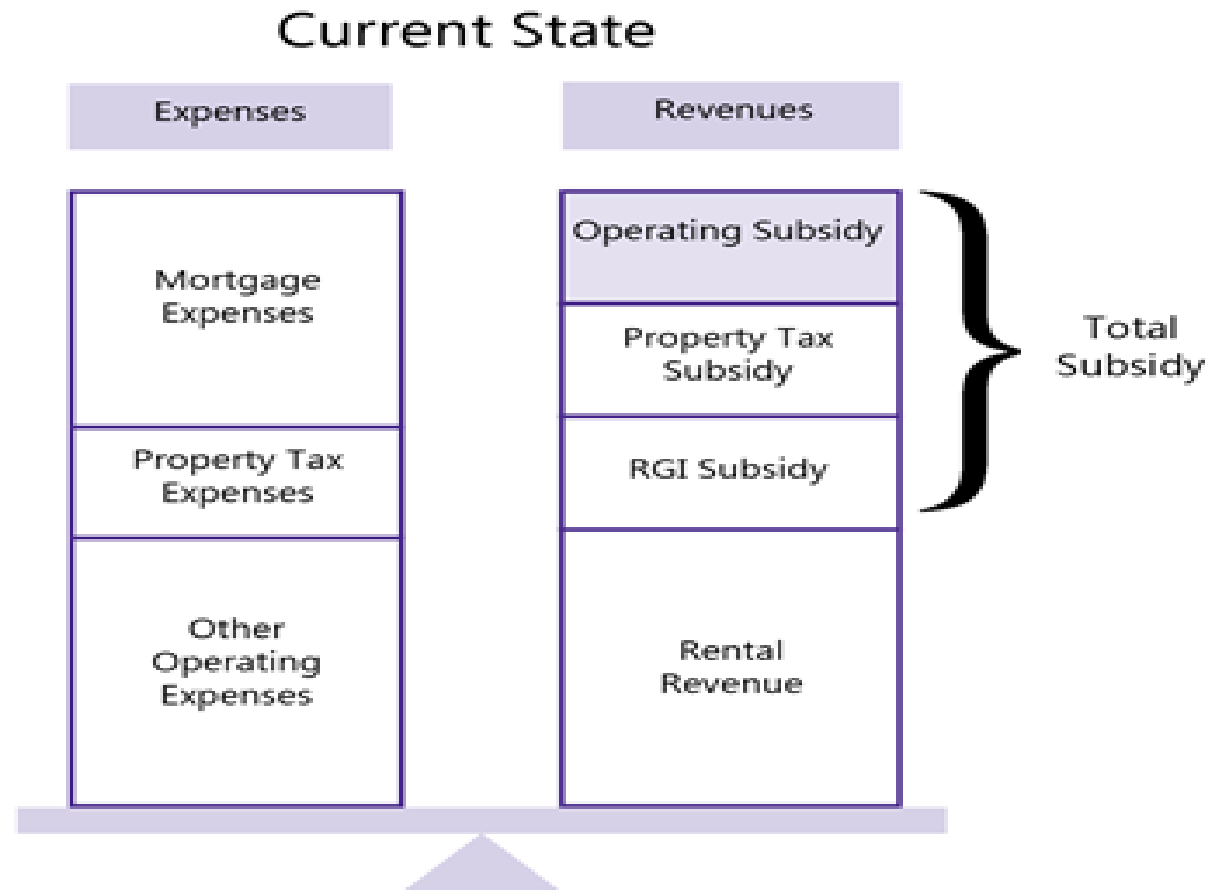
Negative Total Subsidy Calculations

Ministry Notification:

“Service Managers should interpret a negative total Service Manager subsidy calculation for a Part VII housing project to mean \$0 subsidy payable to the housing provider.”



Provincial Reformed with a Market Component Current Funding Formula



Negative Operating Subsidy Calculations

Description	Current (2019 Estimate)	EOM (2023 Estimate)
<u>Revenue</u>		
Operating Subsidy	(20,640)	(169,387)
RGI Subsidy	130,172	137,067
Property Tax Subsidy	104,368	112,971
Total Subsidy	213,900	80,651
Rent Revenue	279,660	297,640
Total Revenue	493,560	378,513
<u>Expenses</u>		
Mortgage	145,500	0
Other	338,693	367,837
Total Expenses	484,193	367,837
Surplus / (Deficit)	9,367	10,676

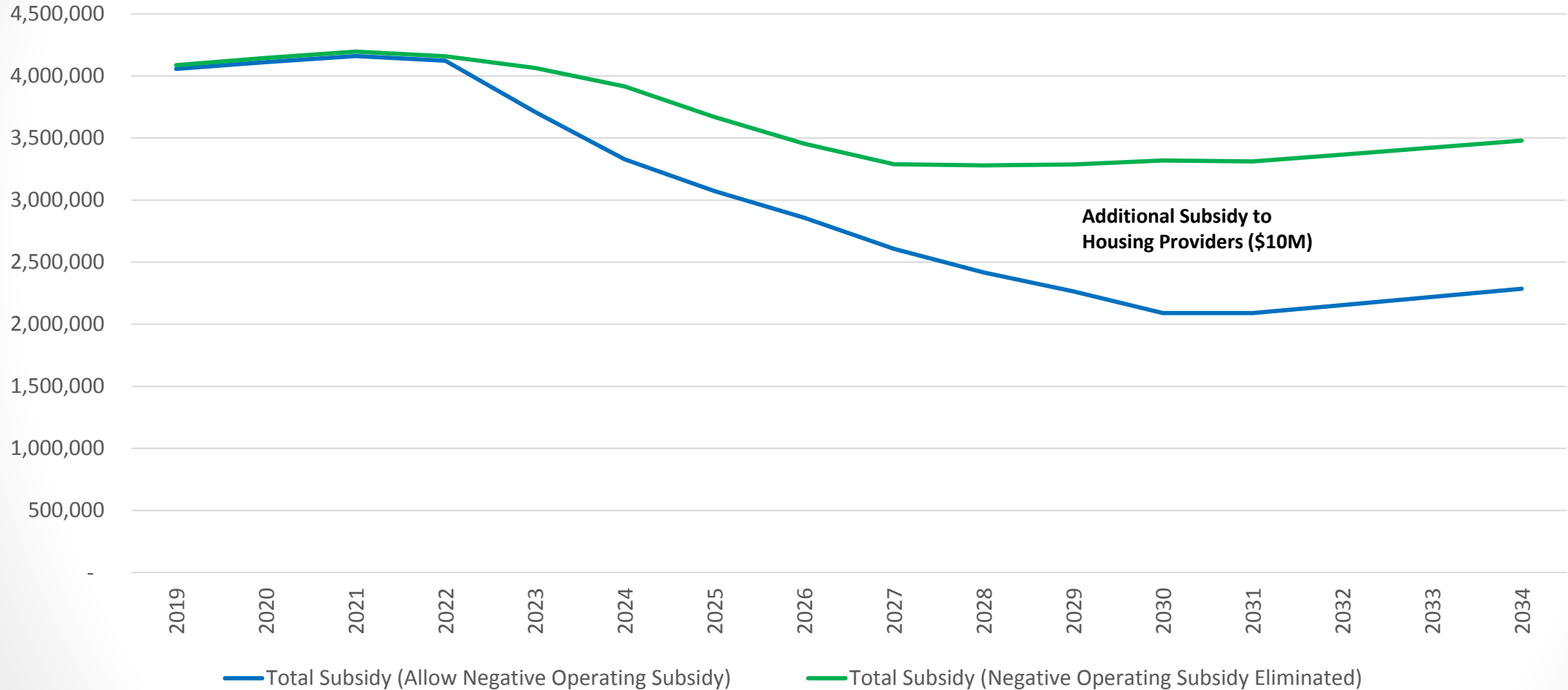


Negative Operating Subsidy Calculations

Description	Current (2019 Estimate)	EOM (2023 Estimate)	CHF & ONPHA Position: Negative Operating Subsidy Eliminated
<u>Revenue</u>			
Operating Subsidy	(20,640)	(169,387)	0
RGI Subsidy	130,172	137,067	137,067
Property Tax Subsidy	104,368	112,971	112,971
Total Subsidy	213,900	80,651	250,038
Rent Revenue	279,660	297,640	297,640
Total Revenue	493,560	378,513	547,678
<u>Expenses</u>			
Mortgage	145,500	0	0
Other	338,693	367,837	367,837
Total Expenses	484,193	367,837	367,837
Surplus / (Deficit)	9,367	10,676	179,841



Impact of Eliminating Negative Operating Subsidy



Next Steps for TBDSSAB

Board position:

- ❖ Negative **Operating** Subsidy
- ❖ Negative **Total** Subsidy
- ❖ Advocate for a flexible funding model to promote long-term sustainability of Social Housing stock including capital repairs



Questions/Comments

