

# Housing Division Notice

**Date: October 2, 2007**

**HDN# 2007 - 122**

This applicable legislation/policy is to be implemented by the housing provider(s) under the following programs:

Please note, if your program is **not checked**, this change is **not applicable** to your project.

<input type="checkbox"/>	Federal Non-Profit Housing Program
<input checked="" type="checkbox"/>	Private Non-Profit Housing Program
<input checked="" type="checkbox"/>	Co-operative Non-Profit Housing Program
<input type="checkbox"/>	Municipal Non-Profit Housing Program (Pre-1986)
<input type="checkbox"/>	Local Housing Corporation

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**Subject: Change to Funding Model Under the Social Housing Reform Act, 2000**

**Background:**

Many social housing stakeholders have identified that the funding formulas in the Social Housing Reform Act, 2000 (SHRA) require updating in order to optimally meet current subsidy needs for housing providers around Ontario. Specifically, housing providers funded under the funding formulas contained in Sections 103 and 106 of the SHRA would benefit from an updated funding model.

The Benchmark Advisory Team (BMAT) was originally organized by the Ministry of Municipal Affairs and Housing (MMAH) in 2004 to assist in the establishment of benchmarks under the SHRA. The BMAT team consisted of representation from Service Managers, Ontario Non-Profit Housing Association (ONPHA), Co-operative Housing Federation (CHF), Social Housing Services Corporation (SHSC) and Association of Municipalities of Ontario (AMO). At that time, a need to review the funding formulas in Sections 103 and 106 of the SHRA was identified. In 2007, the BMAT team reconvened to complete an analysis of the outstanding recommendations made by the BMAT team regarding the formulas for mixed (RGI and market) and 100% RGI projects.

On September 6, 2007, based on the recommendations made by the BMAT team, the Minister of Municipal Affairs and Housing, John Gerretsen, signed a new regulation to revise the funding formulas under Sections 103 and 106 of the SHRA. The new regulation, O. Reg. 535/07 amends O. Reg. 339/01 and alters the calculation of subsidy under Sections 103 and 106 of the SHRA. The revised funding formulas are responsive to changes in economic conditions, are less complex and are easier to understand.

Under the revised funding formulas, a Market Rent Index (MRI) is applied to benchmark revenues (except non-rental-revenue) and cost indices will be applied to the benchmark operating costs. Both the MRI and cost indices are calculated by MMAH in accordance with the SHRA and will be distributed by the Housing Division on an annual basis.

The new funding model is applicable to all housing providers subject to Sections 103 and 106 of the SHRA and will be effective with fiscal years beginning in 2008.

Further information regarding the new funding formulas and associated training sessions will be distributed shortly. Housing providers are also encouraged to attend funding model training sessions that will be hosted by ONPHA and CHF.

Housing Providers should ensure that their auditor receives a copy of this HDN.

If you have any questions or concerns regarding this Housing Division Notice, please contact the Financial Officer assigned to your portfolio.

**Action:**

Housing providers subject to Sections 103 and 106 of the SHRA are required to use the revised subsidy entitlement calculation for fiscal years beginning in 2008.

Louise Stevens  
Director of Municipal Housing