



County of Wellington

Social Services Department – Housing Services

DIRECTIVE

Directive Number: 2023-05

Effective Date: August 23, 2023

This directive has been developed by the County of Wellington in its role as Consolidated Municipal Services Manager (CMSM) and applies to housing providers funded under the following social housing programs:

√	Provincially Reformed Non-Profit Housing Programmes
√	Provincially Reformed Co-operative Housing Programmes (Co-ops)
	Local Housing Corporation (LHC)
	Service Manager Funding Agreement (Post EOA)

Subject: 2024 Benchmarked Operating Costs and Revenues Indices

Legislative Reference: Housing Services Act, 2011, O. Reg. 369/11, s. 6(1) and s. 13(1)

Policy Reference: N/A

Directive Reference: N/A

Attached: N/A

Background

On an annual basis, the Ministry of Municipal Affairs and Housing (MMAH) provides cost and revenue indices to calculate subsidies under the Housing Services Act, 2011 (HSA).

This directive communicates the 2024 Market Rent Index for HSA O.Reg. 369/11 Part II housing providers and the 2024 Cost Factor indices for HSA O.Reg.369/11 Part II and Part III housing providers, located in the County of Wellington and the City of Guelph.

Cost Factors

Cost Factors to increase the Benchmarked Operating Costs are used in the calculation of Part II and Part III Housing Providers' Operating Subsidy under the Benchmark Funding Model of the Housing Services Act, 2011 as set out in O. Reg. 369/11. Commencing with fiscal years beginning in 2008, published cost indices reflect a standard single-year index. See Table 1 for the 2024 Cost Indices.

Revenue Factors

The 2024 Market Rent Index is calculated as the lesser of the percentage change in local average market rents, as reported by Canada Mortgage and Housing Corporation (CMHC), and the Ontario Rent Increase Guideline. The Market Rent Index is used in the calculation of operating and rent-g geared-to income (RGI) subsidies for Part II housing providers. See Table 2 for the Market Rent Index.

The Market Rent Index relates only to Part II providers. Published Market Rent Indices within a Service Manager's area could range from a negative factor (a market rent reduction) to a positive factor similar to the Rent Control Guideline. Each year the prior year's indexed Benchmark Market Rents are to be adjusted by the Market Rent Index applicable to each project.

In order to maximize geared-to-income subsidy levels, it is recommended that housing providers ensure that actual Market Rents charged to market tenants/members equal or exceed the Indexed Benchmark Market Rents as geared-to-income subsidy is only reconciled to the lower of these two amounts.

Direction

The following 2024 indices are to be applied to the 2023 indexed benchmarked amounts under the HSA's Benchmark Funding Model:

Table 1

	Cost Indices	Part II (Mixed MKT/RGI)	Part III (100% RGI)
1	Administration & Maintenance	3.12%	3.12%
2	Insurance	5.53%	5.53%
3	Bad Debt	MRI*	3.12%
4	Electricity	3.04%	3.04%
5	Water	3.75%	3.75%
6	Natural Gas	4.55%	4.55%
7	Oil & Other Fuel	-36.99%	-36.99%
8	Capital Reserves	3.12%	3.12%
9	Market Rents	MRI *	N/A
10	Vacancy Loss	MRI *	N/A
11	Non-Rental Revenue	N/A	N/A

* Providers with a portfolio of projects situated in more than one zone and/or with more than one unit type in the same zone are to utilize the highest Market Rent Index applicable within their portfolio/project to inflate their benchmarked Bad Debt and Vacancy Loss figures.

Table 2

* Market Rent Indices – Part II Providers Only		
Zone 1 – West	Townhouse	Apartment
Fife Road Co-op Guelph Independent Living Guelph Non-Profit: Westwood, Imperial, Flaherty Royal City Co-op UpBuilding!	2.5%	2.5%
Zone 2 - South	Townhouse	Apartment
Cole Road Co-op Guelph Non-Profit: Christopher Court	2.5%	2.5%
Zone 3 - East	Townhouse	Apartment
Guelph Non-Profit: 394 Auden, 470 Auden, Neeve, York Victor Davis Wyndham Hill Co-op	2.5%	2.5%
Guelph - CMA	Townhouse	Apartment
Clifford Gerosia Grand River Mount Forest New Hope	2.5%	2.5%

Application

All housing providers must use the 2024 indices, as detailed above, in the calculation of their rent geared-to-income and operating subsidies for the fiscal year beginning in 2024. When used in the budget form, each index is expressed as a decimal number plus 1. For example, 3.12% is expressed as 0.0312 plus 1 = 1.0312; -36.99% is expressed as -0.3699 plus 1 = 0.6301.

Please contact your Housing Programme Advisor if you require further clarification.



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