# County of Wellington
# Social Services Department – Housing Services
# DIRECTIVE

**Directive Number: 2012-09**

**Effective Date: December 13, 2012**

This directive applies to housing providers funded under the following social housing programmes. Please note if your programme is not checked, this communication is not applicable to your project(s).

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| √ | **Provincially Reformed Non-Profit Housing Programmes (MNP, PNP & OCHAP)** |
| √ | **Provincially Reformed Co-operative Housing Programmes (Co-ops)** |
| √ | **Municipal Non-Profit Housing Programme (Section 56.1 Pre-1986)** |
| | **County of Wellington Housing Services (CWHS)(LHC)** |
| | **Federal Non-Profit Housing Programme (Section 95 Pre-1986)** |

## Subject: Reporting Non-Rental Revenue and Non-Shelter Revenue on Annual Audited Financial Statements and Annual Information Returns (AIR)

**Legislated Reference:**

- Housing Services Act, 2011 (HSA), Parts II and III
- Housing Services Act, O.Reg. 369 s.16

**Background:**

The Housing Services Act, 2011 (HSA), Parts II and III, sets out the funding model for Section VII housing providers. Furthermore, HSA O.Reg. 369 s.16 sets out the types of revenues to be included in the operating costs of the housing provider under this funding model. Prior legislation, the Social Housing Reform Act, 2000, set out a similar explanation of revenues.

Housing providers have been seeking out and acquiring new sources of operating revenues for their projects in recent years, including telecommunications towers and renewable energy systems.

To ensure compliance with the HSA and to ensure consistency in annual reporting to the Service Manager, housing providers are provided with definitions of Non-Rental Revenues and Non-Shelter Revenues to be reported on their audited financial statements and Annual Information Returns (AIR).

**Direction**:

The following definitions are provided for the purpose of reporting revenue in housing provider audited financial statements and on the AIR.

1. **Non-Rental Revenue:** This includes all revenue, excluding rents and investment income, directly attributable to and earned from the assets of the shelter component. These include, but are not limited to:
   - coin laundry revenue
   - resident parking fee
   - air conditioning surcharges
   - renewable energy systems
   - room/facility rentals

   The installation of renewable energy systems to social housing projects enhances long term program sustainability by increasing non-rental revenues or reducing operating costs. Renewable energy systems funded by the housing provider (i.e. through its Capital Reserve Fund) or by the Service Manager (i.e. Social Housing Renovation and Repair Programme, loans or grants) are considered to be non-rental revenue because these systems are funded from the shelter component of the projects or for the benefit of the shelter component.

2. **Non-Shelter Revenue:** This includes revenue for the housing provider 's non-shelter component. Non-shelter space in a project will usually be identified in the construction documents or in a non-shelter rental agreement. Examples of the non-shelter component of the portfolio are:
   - commercial rental space, such as retail
   - roof-top telecommunications installations
   - space rented to a care agency which is funded by a provincial ministry or agency

3. **Non-Reported Revenue:** The following revenues must be reported in the audited financial statements of the housing provider, but are not included on any revenue lines on the AIR:
   - Donations receipted by a registered charity
   - Fund raising income

**Application:**

Housing providers must report Non-Rental and Non-Shelter Revenues correctly in their audited financial statements and on their AIR, effective their next audit. For all 2012 year end AIRs that have been submitted prior to this directive, the Service Manager will make any required adjustments.

If you have any questions, please contact your Housing Advisor at Wellington Housing Services.

Heather Burke

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Housing Director