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INFORMATION BULLETIN

EFFECTIVE DATE: August 28, 2012

NUMBER: 2012-02

SUBJECT: SUBSIDY SURPLUS SHARING

Effective August 28, 2012, County Council has provided approval allowing Housing Providers to retain the Service Manager's 50% share of surpluses on a case by case basis.

Although the Housing Service Act replaced the Social Housing Reform Act (SHRA) in January of this year, the funding model that the Service Manager is required to follow has remained relatively the same. This funding model was established to provide predictable funding, streamlined reporting requirements and an additional incentive for housing providers who operate effectively.

Within this funding framework, a Housing Provider's net operating income is calculated as the total revenue for the fiscal year less the provider's total shelter costs for the fiscal year. Housing Provider's whose net operating income is \$300/unit or greater are required, in all subsequent years, to share 50% of their generated in-year surpluses with the Service Manager. To date, the County has always clawed back the Service Managers 50% share of these surpluses. Under current legislation, the Service Manager has the flexibility to choose between continuing to retain the Service Managers portion of the surplus share or to re-invest these funds back into the housing properties. Some Housing Providers have requested 100% of these surpluses to fund a capital project and/or to offset an accumulated deficit and/or underfunded capital reserve.

County staff presented Council with these two options (please see attached Human Services Committee Report # HS 12-136) requesting Council direction and approval. County Council approved the staff recommendation to allow Housing Provider's who are required to share 50% of their subsidy surplus to retain these funds.

The Service Manager will retain these funds in a non-interest bearing deferred revenue account until such time as the housing provider requires the funds and submits a formal request and County staff is satisfied that the housing provider qualifies for this funding.

The required processes for retaining these funds are as follows:

1. Housing Providers must submit a business case/letter with their AIR and financial statement to request the County's share of the annual surplus.
2. The funds will be remitted using the following priorities:
 - Priority 1 – Reimburse an underfunded capital reserve
 - Priority 2 – Reimburse an accumulated deficit
 - Priority 3 – Expend on a capital project that has the prior approval of the Service Manager

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3. A Priority 1 request requires the housing provider to present an annual and 3 year capital plan within their business case submission.
4. A Priority 2 request requires the housing provider to present a deficit reduction plan within their business case submission.
5. A Priority 3 request requires the housing provider provide within their business case submission a completed Subsidy Surplus Sharing Request Form (see attached) and provide proof of purchase at project completion, typically in the form of a final invoice.

See attached Human Services Committee Report #HS 12-136 and Subsidy Surplus Sharing Request Form for additional information.

[Human Services Committee Report # HS 12-136](#)

[Subsidy Surplus Sharing Request Form](#)
