

City Guideline – 2017-3: Factors to be used in 2018 Fiscal Year to Calculate Subsidies - Market & RGI

Date issued	Effective date
August 15, 2017	Immediately

Applicability to Social Housing programs

The City Guideline is applicable to the programs for which there is an "X" in the table below:

Applicability	Program
X	Housing Services Act, Part VII Housing Projects, Market and Rent-Geared-to-Income, Section 78 Housing Providers (formerly 110)
	Housing Services Act, Part VII Housing Projects, 100% Rent-Geared-to-Income, Section 78 Housing Providers (formerly 110)
	Federal Non-Profit Housing, Section 26/27
	Federal Non-Profit Housing, Section 95
	Rent Supplement Programs for Sections 26, 27, 95 and New Affordable Housing Providers
	Toronto Community Housing Corporation

About City Guidelines

Under the authority of the Housing Services Act, the City of Toronto, Shelter, Support and Housing Administration (SSHA) Division City Guidelines and Rent-Geared-to-Income (RGI) Manual are the authority for housing administration and RGI administration for social housing providers in the City of Toronto.

City Guidelines are the City of Toronto's mandatory policies and procedures that social housing providers must follow. City Guidelines are most often issued when a Local Rule is established by the City of Toronto, the Rent-Geared-to-Income (RGI) manual is updated, or other relevant legislative changes or operational requirements occur. City Guidelines which impact RGI have been incorporated into the RGI Manual.

Please see www.toronto.ca/socialhousing for more information.

Background

The [Ministry of Housing](#) (MH) provides indices for costs and revenues to calculate subsidies under the Housing Services Act, 2011 (HSA) on an annual basis, needed for the calculation for 2018 subsidies. This document provides a summary and links to this indices, in addition to direction for specified social housing providers to utilize this.

What you should know about Cost Factors

Cost factors are inflationary factors used to calculate:

- the indexed Benchmark operating costs within the operating subsidy calculation; and
- their capital replacement reserve fund allocations.

Housing providers must use the following cost factors when calculating their subsidies for the fiscal year beginning in January 1, 2018.

Table 1 - 2018 Indices for Benchmark Costs for Mixed Non-Profit Projects

Item	Index Description	2018 Index
Administration and maintenance	Ontario CPI - All items	1.38%
Insurance	Ontario CPI - Homeowner's home and mortgage insurance sub-index	5.08%
Bad debt	Market Rent Index	1.38%
Electricity	Ontario CPI - Electricity sub-index	-16.12%
Water	Ontario CPI - Water sub-index	3.97%
Natural gas	Ontario CPI - Natural gas sub-index	11.63%
Oil and other fuel	Ontario CPI - Oil and other fuel sub-index	14.20%
Capital reserves	Ontario CPI - All items	1.38%

Table 2 - 2018 Indices for Benchmark Revenues for Mixed Non-Profit Projects

Item	Index Description	2018 Index
Vacancy loss	Market Rent Index	See MRI Table 3 below
Non-rental revenue	Factor of 1	Factor of 1

Table 3 - 2018 Toronto Market Rent Indices (MRI)

Toronto District	Rent District Codes	Apartment Average Rent	(Row)Townhouse Average Rent
		2018 Market Rent Index	2018 Market Rent Index
Toronto Zone 1 - Former City of Toronto (Central)	M1A1	-1.1 %	0.0 %
Toronto Zone 2 - Former City of Toronto (East)	M1A2	1.8 %	0.0 %
Toronto Zone 3 - Former City of Toronto (North)	M1A3	1.8 %	0.0 %
Toronto Zone 4 - Former City of Toronto (West)	M1A4	1.8 %	1.8 %
Toronto Zone 5 - Etobicoke (South)	M1C1	1.8 %	0.0 %
Toronto Zone 6 - Etobicoke (Central)	M1C2	1.8 %	1.8 %
Toronto Zone 7 - Etobicoke (North)	M1C3	0.7 %	0.9 %
Toronto Zone 8 - York	M1F	1.8 %	0.0 %

Toronto Zone 9 - East York	M1B	1.8 %	1.8 %
Toronto Zone 10 - Scarborough (Central)	M1E1	1.8 %	1.8 %
Toronto Zone 11 - Scarborough (North)	M1E2	1.8 %	0.0 %
Toronto Zone 12 - Scarborough (East)	M1E3	0.7 %	0.0%
Toronto Zone 13 - North York (Southeast)	M1D1	1.8%	-1.0 %
Toronto Zone 14 - North York (Northeast)	M1D2	1.8 %	-1.4 %
Toronto Zone 15 - North York (Southwest)	M1D3	1.8 %	0.0 %
Toronto Zone 16 - North York (North Central)	M1D5	1.8 %	0.0 %
Toronto Zone 17 - North York (Northwest)	M1D4	1.8 %	1.8 %

Actions required

Social housing provider RGI administrators (SHPs) must take the following actions:

1. All Market and Rent-Geared-to-Income, Section 78 Housing Providers must use the indices indicated in Tables 1, 2 and 3 to calculate the indicated cost items and revenues for fiscal years beginning in 2018.

Questions

If you have any questions, please contact your Housing Consultant or the HSS:

Housing Stability Services

Shelter, Support & Housing Administration

City of Toronto

365 Bloor Street East, 15th floor

Toronto, ON M4W 3L4

Telephone: 416-392-4126

Email: HSS@toronto.ca

Website: www.toronto.ca/socialhousing

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