



Chapter 7

SUBSIDIES

BC Housing advances monthly subsidies to housing providers to cover the costs of operating affordable developments. The amount of the subsidy is based on the operating costs set out in the annual budget, less the total rents and housing charges collected from residents. Subsidy payments:

- Include rent subsidies for RGI units and repayable assistance for non-RGI units.
- Cover the mortgage payments, building maintenance and other shelter related costs.

The subsidy BC Housing pays for non-RGI units is considered a repayable loan, based on the difference between the economic rent and the non-RGI rent contribution. BC Housing provides repayable assistance during the period the economic rent for non-RGI units exceeds the tenant rent contribution for these units.

Economic rent is the estimated amount it costs per unit per month to cover the eligible operating costs of the development. The economic rent is set at the beginning of each fiscal year based on the annual operating budget for the period.

As mortgage costs for the building decline and market rental rates rise, the level of repayable assistance will decrease. When market rents exceed economic rents — probably about year twenty — you start repaying the loan assistance, using the surplus funds you collect from the non-RGI rents.

No interest is charged before the period of repayment starts. But when repayment begins, interest begins to accrue as well. The balance of the loan bears interest at the prime rate and payments are set annually.

The repayment date occurs on the first day of the fiscal year following the year economic rents begin to exceed market rents. At this time, you begin to repay the amount non-RGI rent contributions exceed economic rent for these suites. For example, if economic rent is \$600 and the non-RGI rent is \$625, you would repay \$25 on that unit.



Subsidy Formula Table for Different Housing Programs

Calculating the amount of subsidy you receive varies for different housing programs, as shown in the table below. (Refer to the Glossary on [page 51](#) for more information on these programs.)

	Subsidy = Economic Rent – Tenant Rent Contribution	Subsidy = Approved Market Rent – Tenant Rent Contribution	Subsidy = Amount Set Out in Rent Support Agreement	Subsidy = 2% Mortgage Write Down	Subsidy = Economic Rent – CMHC Mortgage Write Down – Tenant Rent Contribution
HOMES BC Non-Profit and Co-op Housing	•				
HOMES BC Supportive Seniors	•				
HOMES BC HAR	•				
HOMES BC LIUS	•				
HOMES BC Multi-Service	•				
HOMES BC Rent Supplement		•			
HOMES BC Rent Support			•		
SIL		•			
F/P Non-Profit Regular Housing Program	•				
F/P Non-Profit Special Purpose				•	
F/P Non-Profit Rent Supplement		•			
F/P Co-op Rent Supplement		•			
F/P Private Market Rent Supplement		•			
Non-Profit Housing for the Disabled 82(1)(a)	•				
Non-Profit Housing for Seniors 82(1)(b)	•				
PRAP for Seniors					•
PRAP for the Disabled					•

- ~ F/P stands for joint Federal/Provincial housing programs.
- ~ HAR stands for Homeless/At Risk housing.
- ~ LIUS stands for Lower Income Urban Singles housing.
- ~ PRAP stands for Provincial Rental Assistance Program.
- ~ SIL stands for the Supported Independent Living program.

Refer to the *Operations Guide* for information on resident selection criteria for each housing program.
