

KEY TALKING POINT: Sector Sustainability

March, 2020

Issue

The viability of seniors housing operations is being challenged because current funding does not align with operational needs and no additional funding is being allocated to compensate for rising resident expectations and the ever-increasing requirements for compliance.

Key Considerations

- Rental revenues and/or accommodation fees from residents have had limited minor annual increases, if any, as most seniors are on fixed incomes. Rents are regulated in the Seniors Self-Contained Program, in Supportive Living (including Seniors Lodge Program), and in Designated Supportive Living.
- In the Seniors Self-Contained Program, revenues are based on 30 percent of the resident's income. Revenue sources for the Seniors Lodge Program are from the resident, municipal requisitions, and Lodge Assistance Program (LAP) grant. Alberta Health sets the maximum accommodation rates in Designated Supportive Living.
- As revenue increases are not granted and fixed costs steadily creep, and/or additional costs/responsibilities are added, reducing variable costs becomes the only means to balance the accounts. If variable costs are not reduced, the viability of seniors' housing operations is at risk.
- Reducing administrative costs creates risk and increases the potential of staff burnout. Appropriate, well-supported staff is needed to operate safely and provide the supports residents need to live.
- Reducing variable costs directly affects the residents, especially in a sector that is customer service driven. Reducing costs for services such as food, housekeeping, maintenance, groundskeeping, recreation and life enhancement programs diminishes the quality of life for residents, and affects their sense of dignity.
- Mixed income models may increase revenue due to the inclusion of market rents within the operator's portfolio, but operating costs would still remain the same.
- The age of much of the government's housing inventory makes maintenance, energy efficiency and repairs extremely cost prohibitive. Operators are forced to remove units from their inventory when vacant, reducing housing availability in the community, and further reducing revenue sources.
- That any new legislation/amendments/standards and other government-issued mandates allow for some flexibility such that housing providers can comply without negatively impacting existing operations and their services/supports to residents.
- Too many seniors are just above the income threshold to be eligible for subsidized or affordable housing, and yet, cannot afford other housing options in their community. Solutions are needed for this demographic of seniors, within the scope of a sliding-scale model.

Our Asks

- **When the government regulates revenue streams for seniors housing, supports and/or care communities, there needs to be appropriate funding or changes to the regulations so that actual operational costs can be met by the housing provider, without any negative impacts to operations and services to residents/tenants. Funding models should also recognize the challenges of smaller buildings where rental revenue is less, as well as the cost of providing services in rural areas.**
- **All income sources, including eligible assets, must be used to calculate rent, where rents are regulated. Mixed income models that would provide housing solutions within a spectrum of affordability, based on actual incomes and aligned to real costs of living, are needed.**
- **That multi-year budgeting processes for regulated seniors housing be used, with a blend of block and variable funding to reflect the changing needs of individuals within the community. Portions of operational surpluses should be eligible for reinvestment, staff retention/recruitment, or capital maintenance.**



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