

Seniors Lodge Program

Advisory Committee Final Report

April 10, 2015

Alberta
Government

Table of Contents

Executive Summary	2
History and Purpose of Seniors Lodge Program Review	3
Outcome 1: The purpose of the Seniors Lodge Program	7
Objective a):Review Seniors Lodge Program	7
Mandate	7
Target Population	9
Eligibility	10
Rate Calculation.....	13
Disposable Income Amount	17
Objective b):Define basic/standard lodge accommodations.....	18
Objective c): Identify any changes to the <i>Alberta Housing Act</i> and/or regulations	21
Objective d): Review board governance	21
Outcome 2: Long-term sustainability	26
Objective a):Review expenses and revenues by lodge size	26
Objective b):Identify optimum lodge size for sustainability	29
Objective c):Identify challenges and exceptions for meeting the optimum lodge size	32
Objective d):Discuss funding options for exceptions	32
Outcome 3: Funding model is accountable, transparent, efficient and effective	33
Objective a):Review level of funding provided by the Province	33
Objective b):Review the extent municipalities are requisitioned.....	34
Objective c):Review the extent to which requisitions are used for operational and capital purposes	36
Objective d):Review the number of housing management body requisitioning.....	38
Objective e):Consider changing the lodge assistance program from an operating grant to income support through Alberta Seniors Benefit	39
Objective f):Review reserves of management bodies	41
Appendix i	List of Lodges under the Seniors Lodge Program
Appendix ii	Senior Citizen Lodge Program Priority Rating Criteria
Appendix iii	AAMDC Resolution
Appendix iv	AUMA Resolution
Appendix v	2012 Requisition broken down to municipality level
Appendix vi	2012 Provincial funding to Lodges compared to municipal requisition
Appendix vii	Lodge Program Survey Results from May 2013
Appendix viii	Lodge Accommodation Renewal Survey Results from November 2013

Executive Summary

In January 2013, the Minister of Municipal Affairs approved the formation of the Lodge Program Renewal Advisory Committee under the Seniors Lodge Program Renewal Strategy Framework.

The Committee, comprised of members from various sectors involved with the Seniors Lodge Program, included government representatives from Municipal Affairs (the department responsible for the Seniors Lodge Program at the time), Alberta Health, Alberta Health Services, Alberta Urban Municipalities Association (AUMA), Alberta Association of Municipal Districts and Counties (AAMDC), Alberta Senior Citizens Housing Association (ASCHA), and operators of lodges under the Seniors Lodge Program.

As a result of the review, the Committee has 24 recommendations for the Minister’s consideration and approval in order to meet the following three outcomes:

- Clearly define the purpose of the Seniors Lodge Program
- Ensure the program has long-term sustainability
- Review the funding formula

The recommendations will clarify items such as the purpose of the program, standard services included, room sizes, how often rates can be increased and how the operators must set their maximum rate. The committee also recommends the program improve access for seniors that are not low income, especially in communities where no other supportive living facilities exist. Seniors are further protected by recommending the disposable income amount be further reviewed and increased each year as required.

The committee also recommends the Government increase education and training on the Seniors Lodge Program and its funding and improve the sustainability of the program by providing guidance on recommended facility size and costs and implementing a minimum lodge rate that is affordable to low income seniors.

A new funding formula based on the size of the facility is recommended with additional assistance given to smaller facilities. A predictable capital fund for lodge replacement is also being recommended

The Seniors Lodge Program Advisory Committee believes that the adoption of the recommendations of this report will assist in defining the purpose and improve the long term sustainability of the Seniors Lodge Program and ensure the program continues in operation for another 50 years to support senior Albertans across the Province.

1958

History

The Seniors Lodge Program was created in 1958 to free up spaces in auxiliary hospitals that were housing seniors who did not require such high levels of care. Municipalities have been a partner in the Seniors Lodge Program from the beginning. A municipality was required to donate five acres of land for a lodge and agree to be requisitioned for any operating deficit. A foundation was created to administer each lodge, which included representation from each contributing municipality on the board of directors. By 1961, 69 lodges were operating in Alberta. The original design was a one-story building with a maximum of 50 residents in 18 shared double rooms and 14 single rooms, which were approximately 110 square feet. The main services offered in lodges are meals, housekeeping, linen laundry, and recreational programs.

The Province built the lodges and transferred title to the Foundations. In the 70s the province began to retain ownership of the lodges. Currently, of the 148 Lodges in Alberta, 60 per cent are owned by the foundations and 40 per cent are owned by the Province under the Alberta Social Housing Corporation (ASHC).

In 1977, the Province began to assist municipalities with the lodge operating deficits. The deficit funding formula has changed over the years and is currently called the Lodge Assistance Program (LAP) grant and is allocated based on the number of low-income residents living in lodges. As of 2013, the LAP per diem is \$12.45/day for each low-income lodge resident.

LAP

The *Alberta Housing Act* requires lodge operators to adhere to the following regulations:

- Social Housing Accommodation Regulation;
- Lodge Assistance Program Regulation;
- Management Body Operation and Administration Regulation; and
- Housing Accommodation Tenancies Regulation.

2014

9,600
Units

148
Lodges

59
Management
Bodies

Today, lodges are managed by corporations, known as management bodies, created under Ministerial Order which are subject to the *Alberta Housing Act* and Regulations and have the rights, powers and privileges of a natural person. There are over 9,600 units in 148 lodges in Alberta, operated by 59 Management Bodies (HMB) see appendix i.

Purpose of the Seniors Lodge Program Review

The last major Seniors Lodge Program review was in 1994. With two decades past, there are regulations and policies that require an update due to operational issues they are causing for HMBs. In addition, the Housing Division identified the need for additional structure to ensure lodges are operating more consistently throughout the province.

In 2005, the Office of the Auditor General (OAG) provided the following recommendations to the province for the Seniors Lodge Program:

- Improve the measures it uses to assess the effectiveness of the Seniors Lodge Program, and obtain sufficient information periodically to set the minimum disposable income of seniors used as a basis for rent charges, and
- Improve its processes for identifying the increasing care needs of lodge residents and consider this information in its plans for the Seniors Lodge Program.



In May 2011, consultations were conducted throughout the province to identify the main concerns HMBs faced administering the Seniors Lodge Program. The following five issues, were identified:

- Aging infrastructure, no money for improvements;
- The need for sustainable funding for lodges (operating and requisitions);
- A clearer vision for the future of the program;
- Too many provincial departments to deal with; and
- Communication and clarify the role of Alberta Health Services in supportive housing.

Some municipalities have raised concerns that the Province's financial support is not keeping up with that of the municipalities, and therefore, in 2012 the Alberta Urban Municipalities Association (AUMA) and Alberta Association of Municipal Districts and Counties (AAMDC) requested a review of the program and the funding levels provided by the Municipalities and the Province.

Seniors Lodge Program Advisory Committee

To address the consultation, OAG recommendations, and concerns raised by the AUMA, AAMD&C and ASCHA, the Seniors Lodge Program Advisory Committee was formed in 2013 with the intent to review the program and form recommendations to the Minister responsible for the Housing in support of program renewal. The committee's goal was to realize three outcomes, with objectives as to how each outcome would be achieved:

Outcomes	Objectives
1. The purpose of the lodge program is clearly defined, articulated and endorsed, ensuring relevancy, efficiency and effectiveness.	<ul style="list-style-type: none"> a. Review lodge program: mandate, targeted population, lodge rate calculation, eligibility, and disposable income amount; b. Define basic lodge accommodation, including mandated services; c. Identify any changes to the AHA or regulations to address recommendations; d. Review of board governance, including but not limited to representation based on funding, appointments, procedures, roles and responsibilities.
2. Long-term sustainability.	<ul style="list-style-type: none"> a. Review lodge expenses and revenues by lodge size; b. Identify optimum lodge size for sustainability, including budget levels; c. Identify challenges and exceptions for meeting the optimum lodge size in rural Alberta, including economic impact on communities; and d. Discuss funding options for the exceptions (smaller and older lodges).
3. Funding model is accountable, transparent, efficient and effective, meeting the needs of communities and residents served.	<ul style="list-style-type: none"> a. Review level of funding provided by the Province for operational and capital purposes over the past 10 years; b. Review municipalities requisitions, including increases over the past 10 years; c. Review extent to which requisitions are used for operational and capital purposes; d. Review the number of HMBs requisitioning on an equalized assessment basis in comparison to other formulas; e. Consider changing LAP from operating grant to income support through ASB; and f. Review reserves of HMBs (establishment, usage, etc.).

The committee was comprised with a cross-section of stakeholder representation:

- Chair: Assistant Deputy Minister, Housing Division, Alberta Seniors;
- Two representatives from the Alberta Urban Municipalities Association;
- Two representatives from the Alberta Association of Municipal Districts and Counties;
- Three representatives from the Alberta Senior Citizens Housing Association;
- Seven representatives from Housing Management Bodies (HMBs) delivering the Seniors Lodge Program;
- Four representatives from Alberta Seniors, Housing Division;
- One representative from Alberta Health; and
- One representative from Alberta Health Services.

The committee met monthly to discuss each outcome and objective. The opinions shared, along with the results of surveying management bodies in May and November 2013, assisted the Advisory Committee in shaping the recommendations for this report.

Outcome 1: The purpose of the Seniors Lodge Program is clearly defined, articulated and endorsed, ensuring relevancy, efficiency and effectiveness.

Objective a): Review Seniors Lodge Program mandate, target population, rate calculation, eligibility, and disposable income amount.

Mandate

Point of discussion:

Create a more clear vision of the Seniors Lodge Program role within the province.

Currently, the *Alberta Housing Act* defines lodge accommodation as:

"A home for the use of senior citizens who are not capable of maintaining or do not desire to maintain their own home, including services that may be provided to them because of their circumstances."

Section 1 (d)

There was never a formal vision or mission statement of the program, which is now leading to confusion as to the role of the program within the province.

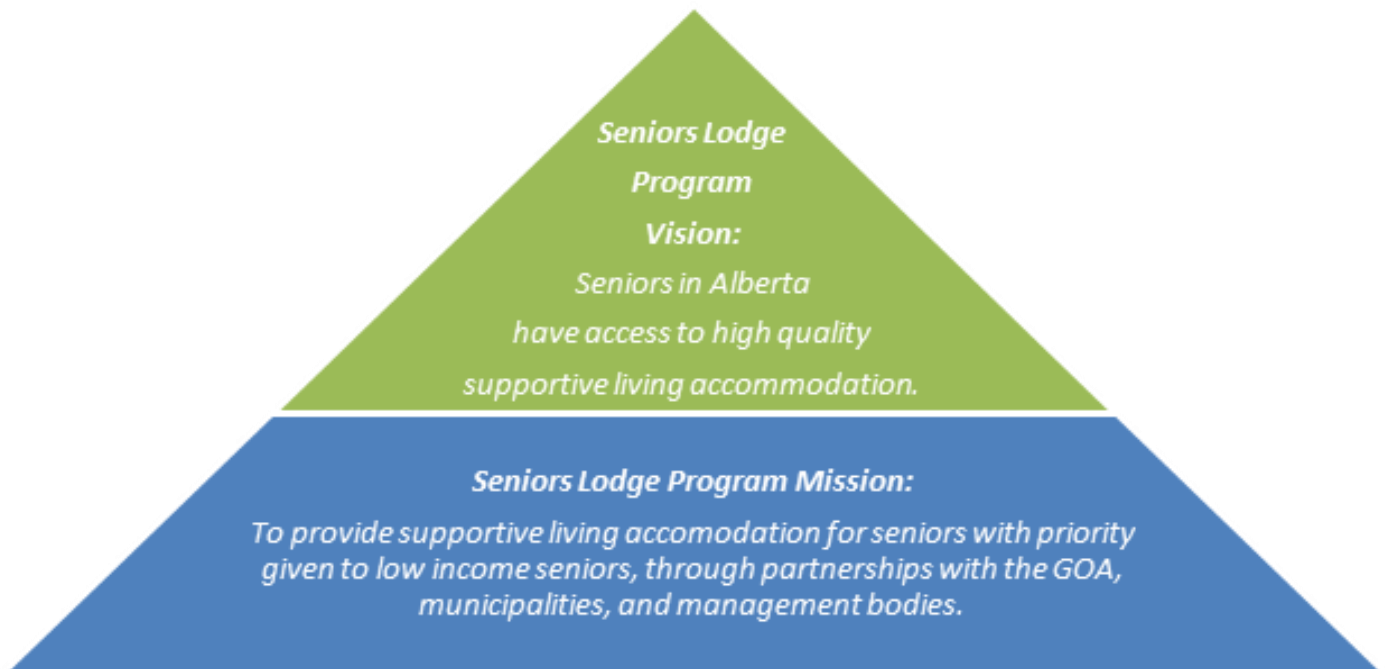
Clear direction is vital to the success of any program and therefore the committee drafted a vision and mission statement for the Seniors Lodge Program.

Findings:

- The definition of lodge accommodation remains true and does not require any amendments.
- The Seniors Lodge Program would be better explained through establishing an overarching vision supplemented by more detailed mission statement, which would articulate what the program would do, who the program would serve, and how.

Recommendations:

- 1) The Province adopt the following vision and mission statements for the Seniors Lodge Program.
- 2) The Province work with the HMBs to develop measurements to assess the effectiveness of the Seniors Lodge Program.





Target Population

Point of Discussion:

As the demographic of Albertans and seniors are shifting, HMBs requires clarification as to who they should serve. Though not explicitly written, part of the legislation and schedules speak to the understanding that lodges be prioritized to functionally-independent, low-income seniors.

Section 1 (1) k of the *Social Housing Accommodation Regulation* defines a senior household as:

“senior household” means a household comprised of individuals referred to in clause (i) and (ii), one or more of whom are

(i) 65 years of age or older, or

(ii) Less than 65 years of age with special circumstances appropriate to the social housing accommodation for which application is being made.

Findings:

- Other survey comments confirmed HMB sentiments that lodges serve all seniors, with priority given to seniors with a lower income. HMBs are; however, looking for additional guidance as to what defines a “low-income senior.”
- AUMA provided feedback on discussions specifically:
The originally proposed intent of the Seniors Lodge Program should be retained with an amendment to change affordable to accessible as a more encompassing goal.
To provide accessible supportive living for Seniors’ in a residential setting to enable them to remain functionally independent.

- The Seniors Lodge Program should not be described as being only for low-income seniors as this approach would exclude many of the current residents in these facilities, particularly in small communities where income levels are not necessarily the reason for seeking lodge accommodation.
- If low-income seniors need first entitlement to housing through the Seniors Lodge Program, this could be realized through the accommodation prioritization model rather than by narrowing the mandate of the program.

Recommendations:

- 3) The Province maintains the priority population as low-income senior households.
- 4) The Province maintains the term “senior household” as defined in the Social Housing Accommodation Regulation.

Although this is the “target population”, it does not deem others as ineligible for the program.

Eligibility

Point of Discussion:

There is concern current legislation is confusing when describing individuals as “functionally independent.” Current legislation states:

“A senior household is eligible for lodge accommodation if the senior household:

(a) is comprised of one or more individuals who

(i) are functionally independent, or

(ii) are functionally independent with the assistance of existing community based services and would not be otherwise be appropriately provided for in a health care facility,

(b) is comprised of Canadian citizens, individuals lawfully admitted into Canada for permanent residence, refugees sponsored by the Government of Canada, or individuals who have applied for refugee or immigration status and for whom private sponsorship has broken down, and

(c) meets the eligibility requirements, if any, of the management body.

- Social Housing Accommodation Regulation, Section 10.

Findings:

Survey feedback voiced the term “functionally-independent” should remain in legislation; however, the committee decided it should be removed, as over the years residents have aged in community and services in some lodges have increased (such as Home Care and/or contracts

with Alberta Health Services). Therefore, some residents are not necessarily functionally independent, which is the reason many of them seek lodge accommodation in the first place.

By amending the *Social Housing Accommodations Regulation* to remove the reference to functionally-independent and replacing it with “individuals whose needs for supportive-living can be accommodated within the lodge(s)” provides flexibility, based on the different levels of services available at each lodge.

Recommendations:

- 5) The Province amend the *Social Housing Accommodation Regulation* to remove the reference to functionally independent and replace it with “individuals whose needs for supportive living can be accommodated within the lodge(s).”

Proposed legislation:

A senior household is eligible for lodge accommodation if the senior household:

- a) *is comprised of one or more individuals whose needs for supportive living can be accommodated based on the services provided within the lodge(s);*
 - b) *is comprised of Canadian citizens, individuals lawfully admitted into Canada for permanent residence, refugees sponsored by the Government of Canada, or individuals who have applied for refugee or immigration status and for whom private sponsorship has broken down; and*
 - c) *meets the eligibility requirements, if any, of the management body.*
- *Social Housing Accommodation Regulation, Section 10*

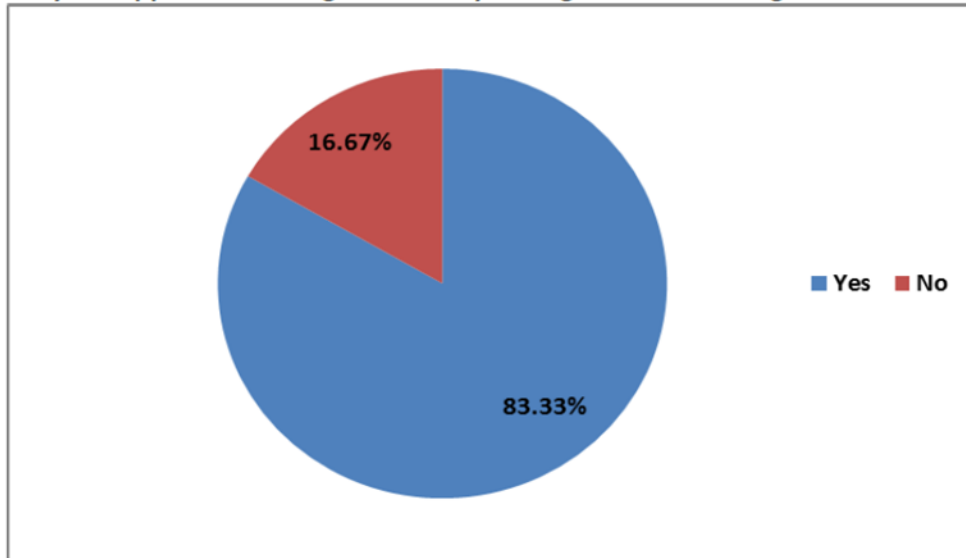
Current legislation requires HMBs use a Priority Rating Criteria for lodge accommodation to determine an applicant’s priority for the next available lodge unit, see appendix ii.

There is concern the priority rating criteria places too much emphasis on income and does not promote opportunities for other seniors to be considered for lodge accommodation, especially if there are no other supportive living accommodation options available in their community. In some rural communities, seniors who are not low-income are required to move from their home community to gain access to supportive-living accommodation.

Comments from the survey indicated while the rating criteria should still place emphasis on serving low-income seniors, it should also allow other seniors in the community a chance to rank high enough on the priority rating criteria to gain access to the lodge in their community.

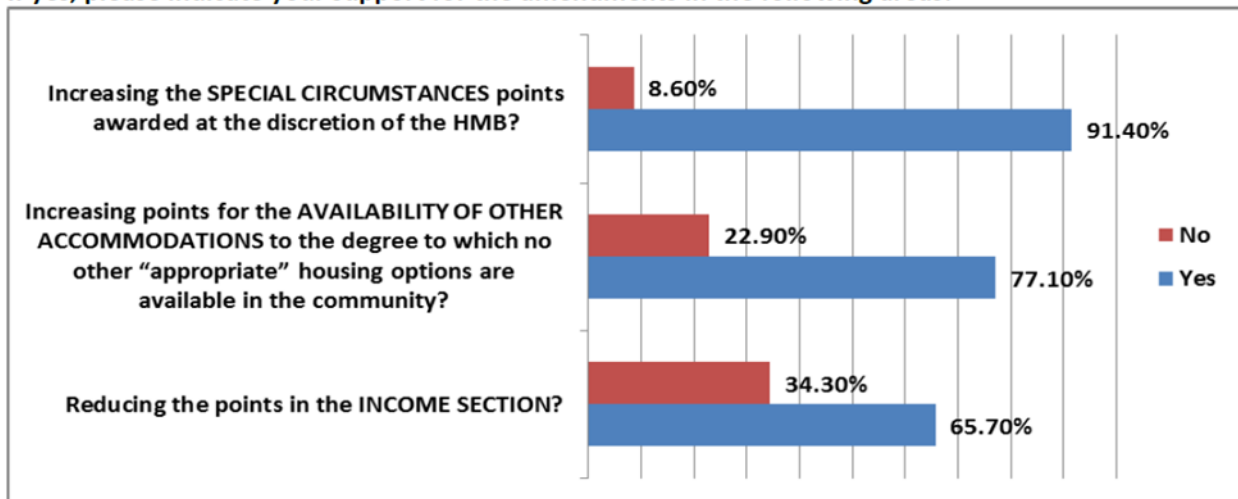
- 83 per cent of October’s survey respondents also supported amending the priority rating criteria.

Do you support amending the Priority Rating Criteria for Lodge Accommodation?



Of the 83 per cent in support of amending the criteria, 91 per cent were in favor of increasing the “special circumstances” portion of the criteria.

If yes, please indicate your support for the amendments in the following areas:



Reducing the points awarded to low-income applicants by 10 points increases the possibility of a senior in need of lodge accommodations, who is not low income, of gaining access to a lodge under the Seniors Lodge Program.

By moving those 10 points to the “special circumstances” section, it also gives HMBs more flexibility as to how they wish to award those points when placing applicants into their lodges, recognizing the uniqueness of each community and lodge throughout the province.

INCOME			
13. Level 2 – Within the Lodge Assistance Program Income	15		
Threshold. If the applicant's income is within the LAP Threshold award the full 15 points.			
14. Level 1 – Additional points if applicant is eligible for Alberta Seniors Cash Benefit.	15		
If the applicant is eligible for ASB Cash Benefit award an additional 15 20 points for a total of 30 points for "Income".	20		Increase to 20
Subtotal	30	20	
SPECIAL CIRCUMSTANCES			
15. Points awarded at the discretion of the Management Body. For Example:	10	20	
• Length of time the applicant has lived in the community.			
Criterion:			
Criterion:			

Recommendation:

- 6) The Province amend the Priority Rating Criteria for Lodge Accommodation to move 10 points from the “income” portion to the “special circumstances”.

Rate Calculation

Point of Discussion:

The monthly lodge rate charged to residents is meant to contribute to the costs for the resident’s suite, and standard services including access to three meals a day, housekeeping, linen laundry, recreational programs, and safety and security. Residents should pay what their income can afford based on current legislation.

Legislation states a resident’s total income taken from the most recent Line 150 from the Canada Revenue Agency Notice of Assessment is used as a basis in calculating the resident’s income from which the rental rates are set, up to their minimum disposable income amount:

“Total monthly income means the member's total income as shown on line 150 of the Notice of Assessment in respect of the income tax returned filed by the member under the Income Tax Act (Canada) for the immediately preceding

taxation year, less any federal and provincial taxes payable on that income, divided by 12, or

If a Notice of Assessment is not available for the immediately preceding tax year, the amount that is determined and verified by the management body using the same income information that would have been used by the member to report total income on line 150 of an income tax return”.

Social Housing Accommodation Regulation - Schedule D, Section D.

The current formula works well for the majority of lodge residents; however, the Canada Revenue Agency allows for deductions to the total income amount shown on Line 150 of a Notice of Assessment, (even to a negative amount) due to self-employment (farming) losses. As a result, in some cases HMBs are required to reduce the lodge rate to a very low amount, even though the actual monthly income of that senior may be substantial (see illustration on next page).

A minimum lodge rate of \$700 was previously in legislation, but was removed in 2004, thinking the minimum rate was only applied to non-seniors.

Previously, HMBs were given a directive to not increase a lodge resident lodge rate by more than \$100 every six months; however, this was not legislated, and some HMBs are no longer aware of the directive and therefore, not following it.

Findings:

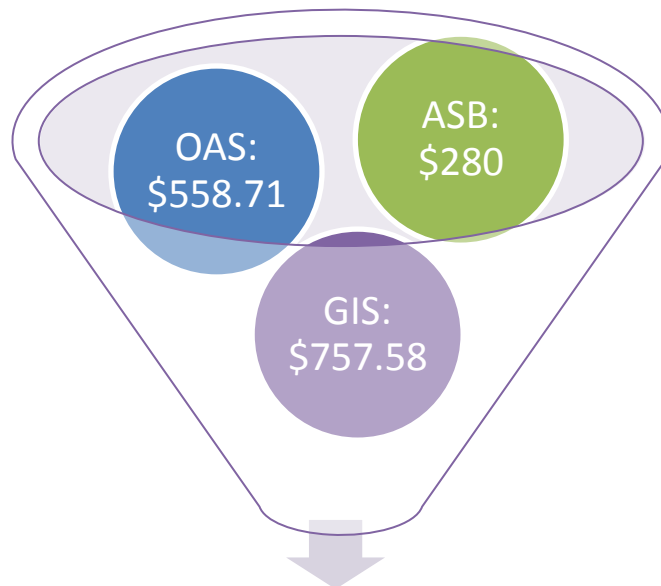
- Current legislation requires HMBs to reduce rates without a limit which could result in a lodge rate of \$0 per month based on a low Line 150.
- Low-income seniors qualify for benefits from the federal government Old Age Security (OAS) and Guaranteed Income Supplement (GIS) income supports, as well as, the Government of Alberta’s Alberta Seniors Benefit (ASB) income support program. These income supports enable a low-income senior to pay a reasonable minimum rate and still be left with a fair disposable income for personal expenses.
- 69 per cent of survey respondents were in favor of setting a minimum lodge rate.
- A minimum lodge rate should be based on a formula that moves as income supports increases and is fair to both the resident and the HMB.
- The committee discussed the use of asset testing due to the difficulties caused using line 150 of the Notice of Assessment; however, it was decided asset testing was not a decision to be made at this committee level, rather it should be a public policy directive.

- The committee agreed with limiting the number of times the lodge rate could be increased, however, they did not agree with keeping the past directive of limiting increases to \$100 per every six months.

Recommendations:

- 7) The Province re-establish a minimum lodge rate in legislation; which:
 - covers both accommodation and services (with accommodation being the standard lodge room, and the services included in basic lodge services), and
 - is calculated based on 70 per cent of the total income a low-income single senior (or couple if applicable) could receive in income benefits under the OAS, GIS and ASB programs, and
 - is set annually based on the July rates of the previous year.
- 8) The Province add a clause in legislation that lodge rates may not be increased more than twice a year;
- 9) The Province add a clause in legislation that each HMB set a maximum lodge rate annually based on economic rent, which should include a reserve fund.

For example, the maximum monthly rates for OAS, GIS, and ASB in July to September 2014 totaled \$1,596.29/month. As such, the minimum monthly lodge rate a HMB must charge a resident for the 2014 year would be \$1,117.03 rounded down to the nearest \$5 = \$1,115. This is fairly close to the average lodge rate of \$1,194 from the February 2014 Lodge resident submission.



July - September 2014 Income: \$1,596.29/month
2015 minimum monthly rent for accommodation and services: \$1,596.29 x 70% = \$1,117.40 = \$1,115

Disposable Income Amount

Point of Discussion:

When the monthly disposable income minimum was set in 1994, it was according to average monthly expenses of seniors sampled in a lodge survey:

Item	Average Monthly Expenses in 1994
Health Care Needs	\$18
Prescriptions	\$41
Transportation	\$35
Telephone	\$28
Entertainment	\$29
Clothing and other personal needs	\$67
Other expenses (charity, gifts)	\$46
TOTAL	\$265

In 2005, the Office of the Auditor General recommended the Province obtain sufficient information periodically to set the minimum disposable income of seniors used as a basis for rent charges.

On May 6, 2014, Cabinet approved an increase to the minimum guaranteed disposable monthly income amount for seniors living in Lodges, Designated Supportive Living and Long Term Care by \$50. As of July 1, 2014, all seniors living in those types of facilities must be left with at least \$315 in disposable income after paying for their accommodation.

Current legislation states:

“A management body must adjust a set monthly basic lodge rate for standard lodge accommodation as required to ensure that each member of a senior household in lodge accommodation who is 65 years of age or older is left with a monthly disposable income of at least \$315.”

- Social Housing Accommodation Regulation, Section 4, Schedule D

Findings:

- Committee members agreed the prior \$265 minimum guaranteed disposable monthly income amount must be increased to reflect the costs of today, and were in favour of it being tied to an income amount similar to the formula for the minimum rent.
- If the \$265 disposable income amount were to be inflated based on the Bank of Canada inflation calculator, it would equate to \$380 for 2013.

- Legislation currently only applies the disposable income amount to residents 65 years of age and older. The committee agreed that the disposable income amount should apply to all residents.

Recommendations:

- 10) The Province amend the disposable income rate to be set annually in January based on 20 per cent of the July OAS, GIS and ASB program amounts for the previous year.
 - This recommendation would result in an inconsistent approach across the different accommodation types and therefore, the Province should obtain sufficient information to further review the amount of the disposable income amount required by seniors in the Seniors Lodge Program as it may be higher than that required by residents in Designated Supportive Living and/or Long Term Care facilities, and this review should be done on a regular basis.
- 11) The Province amend the disposable income amount to apply to all lodge residents, regardless of their age.

Objective b): Define basic/standard lodge accommodation, including mandated services.

Point of Discussion:

Lodge facilities have changed over the years. From 1999 to 2012; HMBs has taken the lead in renovating or building new lodges. The newer facilities offer various different levels of service and accommodation choices to their residents. Although having more choice is beneficial to the residents, a question that is commonly raised is what is “standard lodge accommodation”?

The Province; however, needs to ensure low-income residents continue to have access to full services while retaining their full disposable income. This does not mean each resident must access the full services, independence continues to be promoted.

Standard lodge accommodation means residents have access to a standard room, three meals per day, 24-hour availability to snacks, weekly housekeeping, linen laundry, recreational programs, and 24-hour on-site staff.



Standard room size was discussed at length. Prior to 1994, the Province constructed the lodge buildings and therefore, room sizes were generally the same. Since 1994, HMBs have built lodges and completed room conversions, resulting in a wide range of room sizes. Larger rooms cost more to operate; therefore, when a low-income resident requested a larger room, some HMBs may have asked the resident or their family to sign an agreement waiving all or a portion of the disposable income amount to pay for the larger room.

Findings:

- The *Social Housing Accommodation Regulation* Schedule D 1(1)c states “standard lodge accommodation” means lodge accommodation other than a cottage unit.
- In the 2013 October Lodge Accommodation Renewal survey, at least 80 per cent of respondents indicated they provided the following services: weekly housekeeping, three meals/day plus snacks, emergency call system, building security system, and social and leisure services. Comments from the same survey indicated respondents agree that beyond the basic services, HMBs should be given autonomy as to what services are provided.

- Committee members felt HMBs should have local autonomy as to what additional services are provided to lodge residents to ensure they cater to the unique needs of each community.
- The committee discussed in-depth what standard services should be provided and agreed that HMBs should have some flexibility, the Province’s legislation should not be too specific and seniors across the province should have access to full lodge services.
- Legislation does not recognize the various different sizes of lodge rooms and a personal waiver does not overrule legislative requirements.
- A directive sent out on August 1, 2014, to all lodge operators instructed to ensure all residents in Alberta Social Housing Corporation (ASHC)-owned lodge units must be left with a monthly disposable income amount of at least \$315 as per Schedule ‘D’ of the amended *Social Housing Accommodation Regulation* regardless of the unit size.
- It is mandatory under the Affordable Supportive Living Initiative grant that resident room size average 32.5 square metres (349.827 square feet).

Recommendations:

- 12) The Province amend the definition for “standard lodge accommodation” under the Social Housing Accommodation Regulation Schedule D 1 (1) (c) as follows:

standard lodge accommodation means residents have access to a standard room, three meals per day, 24-hour availability to snacks, weekly housekeeping, linen laundry, recreational programs, and at least 2 staff on duty 24-hours a day.
- 13) The Province add the following sub points to the definition for standard room:
 - If a resident chooses to access all of the standard services, the resident would be eligible for the full disposable income amount, if residing in a standard room.
 - Each HMB must establish a sufficient number of standard rooms within their municipality that low-income residents would be eligible for the full disposable income amount
 - Standard room means a reasonably sized room with a full bath identified by the HMB in which residents are eligible for the full disposable income amount.
 - If a standard room is not available for the resident, then the resident is entitled to their full disposable income amount until a standard room is available.



Residents should have at least access to standard accommodations and:

	
<p>Three meals a day, with snacks</p>	<p>Weekly housekeeping and linen laundry</p>
	
<p>Recreational programs</p>	<p>Safety and security</p>

Objective c): Identify any changes to the AHA or regulations to address advisory committee recommendations.

This is being addressed throughout the report.

Objective d): Review board governance, including but not limited to representation based on funding, appointments, procedures, roles, and responsibilities.

Point of Discussion:

Clarification of board governance was very important to the members of the AUMA and AAMDC and it raised awareness that more education is required for some HMB board of directors and municipal councillors of their different roles and responsibilities in each of those capacities. The committee requested a chart showing the reporting lines as well as a list of roles and responsibilities be developed to clarify some misunderstandings.

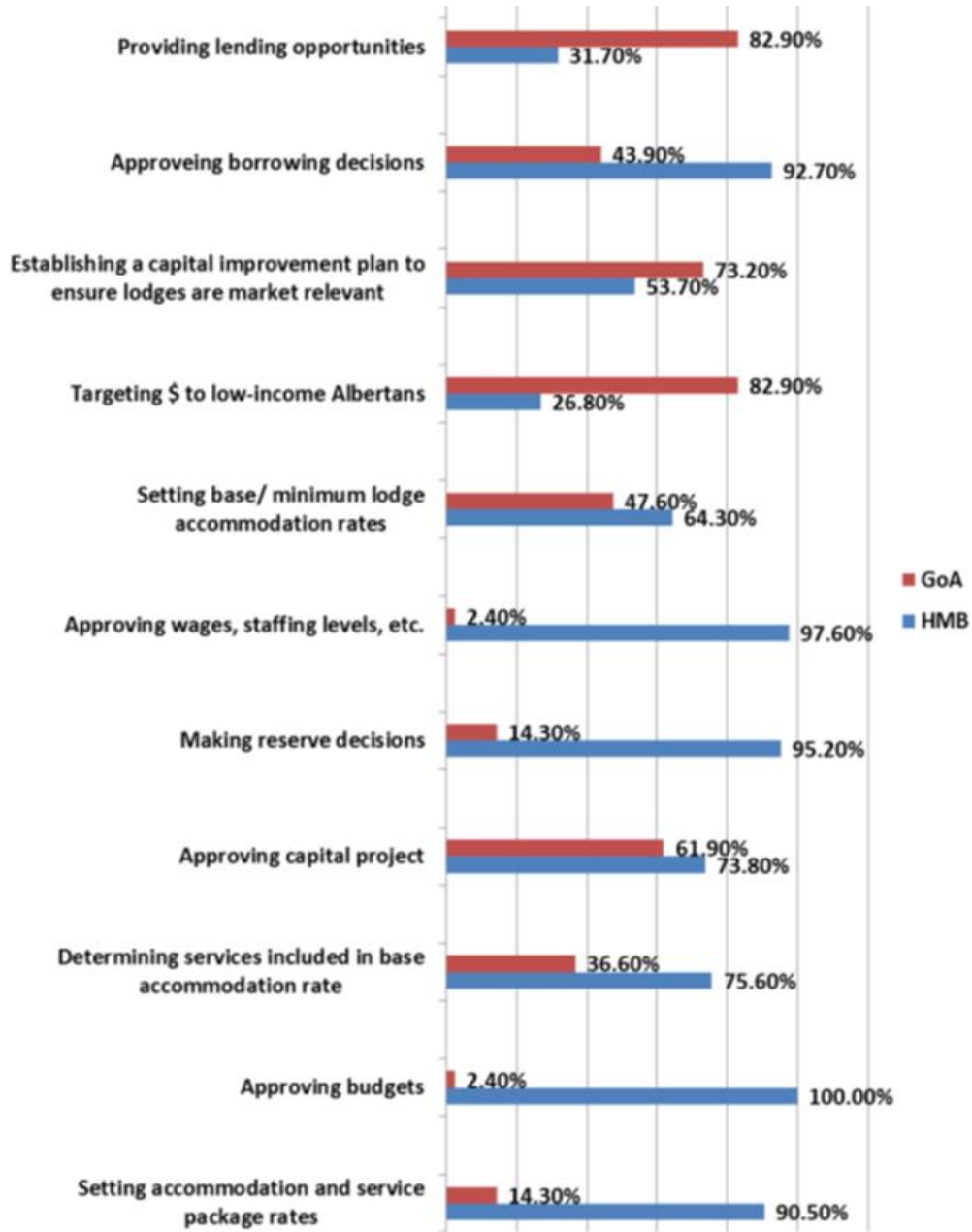
In addition to the AHA and regulations, HMBs are required to follow their specific Ministerial Order that established them. A HMB's Ministerial Order specifies the name of the HMB; its member organizations for which it provides services; the method by which the board is appointed; and the names of those municipalities that may be requisitioned by the HMB for lodge accommodation.

AUMA also suggested in a December 31, 2013 letter to the Housing Division's Assistant Deputy Minister that "it would be beneficial for the committee's report to include a section on roles and responsibilities for HMBs, municipalities, and the provincial government as currently there seems to be some confusion."

Findings:

- The committee identified more education is required for some HMB board of directors and municipal councillors.
- Ministerial Orders may vary between HMBs, some including special circumstances or particulars specific to the organization. All HMB Ministerial Orders will be examined at as part of the overall review of legislation.
- Municipal Councillors appointed to a position on the board of directors of a HMB have difficulty "taking off their municipal councillor hat and putting on their management body director hat". There is confusion with their different roles and responsibilities in each of those capacities.
- The committee requested an organizational chart showing the reporting lines as well as a list of roles and responsibilities be developed to clarify some misunderstandings.
- Based on survey feedback, respondents felt that the government should provide some higher level structure and support but to also respect the autonomy of the municipalities.
- HMBs may have difficulty when a high majority of board members are municipal councillors that change following municipal elections.
- Representation based on funding is discussed in Outcome 3 objective d.

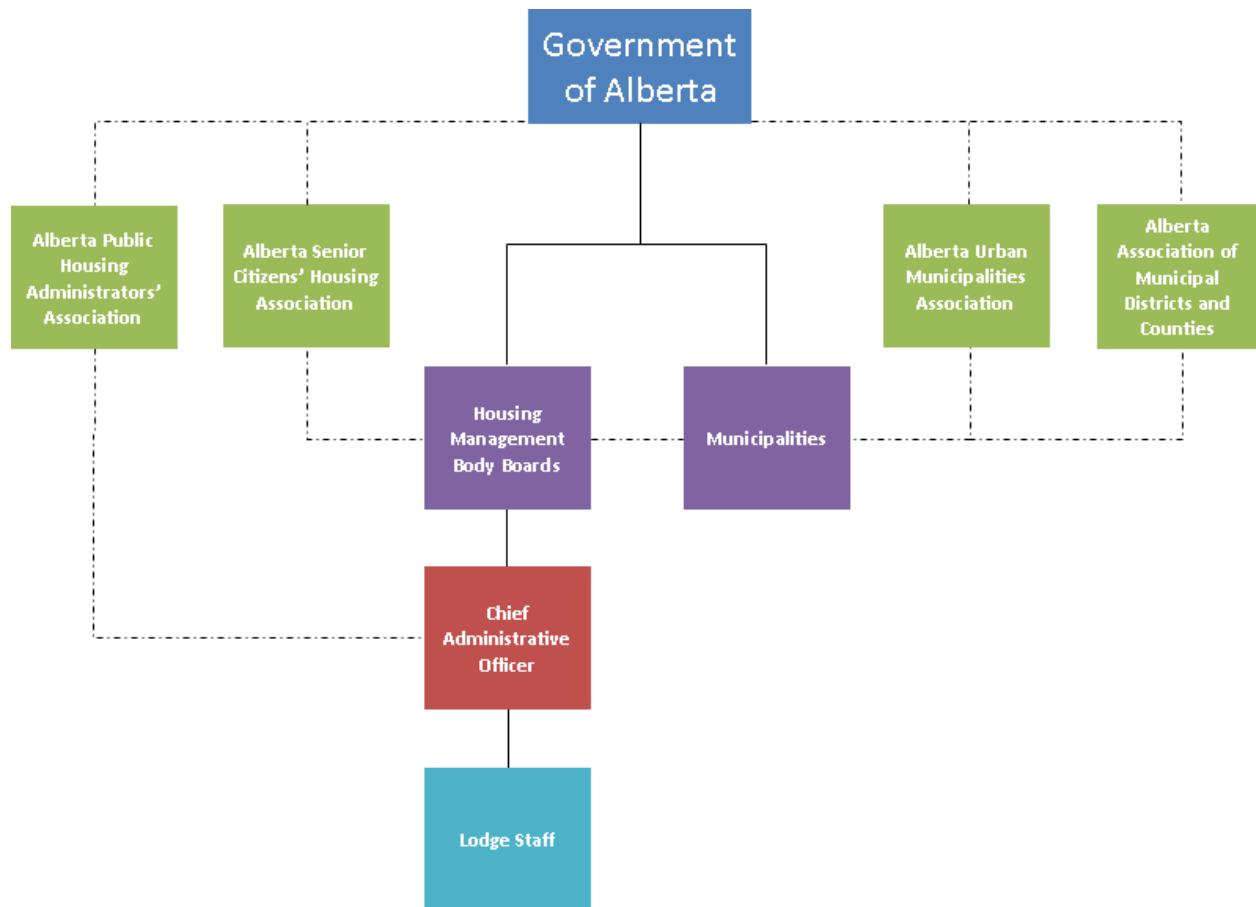
Survey Results



Recommendations:

- 14) The Province increase education and training opportunities to HMB board of directors and municipal councillors on roles and responsibilities in regards to HMB, social housing, requisitioning and the Seniors Lodge Program.
- 15) Municipalities review the methods they use to appoint representatives to their HMB board of directors in order to ensure the organization is set up for success.
- 16) The Province review the differences in HMB Ministerial Orders and prepare a preferred format with a goal of more consistency.

The following chart shows the reporting lines of the various positions/organizations involved in the Seniors Lodge Program.



Governance roles and responsibilities under the Seniors Lodge Program

Government of Alberta
Set Legislation <ul style="list-style-type: none"> Develop legislative frame work, which includes legislation, regulations, and provincial policy.
Provide consistent operational and capital grants.
Advisory Services: <ul style="list-style-type: none"> Support HMB boards through development and governance (e.g. training re: legislative framework); and Ensure board members understand their responsibilities.
Compliance Reviews.
Draft, approve and ensure compliance with Ministerial Orders.
Review HMB business plans.
Review HMB audits.
HMB Board of Directors
Know responsibilities and comply with the HMB and regulations.
Review and approve HMB budgets, audits, business plans, etc. and submit required documentation to the Housing Division in accordance with legislation.
Act in the best interests of the HMB. For example: “councillor” or “organizational” hat must be removed. HMB board members represent the HMB when in those meetings.
Hire, supervise and guide the HMB’s Chief Administrative Officer (CAO), and respond to issues raised by the CAO as required.
Create and maintain policies and lodge rates in the best interest of the housing management body, lodge residents, staff etc. and in accordance with legislation.
Notify the Housing division of changes to board members.
Knowledge of the housing management body’s Ministerial Order and request changes as required.
Communicate and deliver a copy of the audit and business plan to member municipalities and the public in accordance with legislation.
Chief Administrative Officer (CAO)
Ensure organizational compliance with legislation and board policies.
Prepare documents for board’s approval, such as: <ul style="list-style-type: none"> Budgets; Business plan; and Policies and procedures.
Report HMB activities to the board, such as: <ul style="list-style-type: none"> Issues affecting the organization and/or tenants; Needed guidance/policies to be set or updated; and Long-term planning.
Manage HMB employees and ensure board members, staff, and tenants, etc. understand their responsibilities.
Act as a liaison between the Board of Directors and the Housing division on operational issues.
Municipalities
Support the HMB.
Provide funding (requisition) for lodge operations in accordance with legislation.
Appoint representatives to HMB Board of Directors in a responsible business-like manner, which considers: <ul style="list-style-type: none"> Members with specific qualifications (past experience, financial skills, legal background); Not all board members are councillors; and Overlapping terms.
Define and support the role HMB carry in their region.
Advise Minister responsible for the Housing Division if the municipality supports HMB borrowing for more than one year.

Outcome 2: Long-term sustainability



The long-term sustainability of the Seniors Lodge Program is vital to continue the success of the program. Municipal requisitions have increased most every year and although the Province has increased its operating grants to the Seniors Lodge Program, it appears as though the Provincial grants have not kept up with the municipal contribution to the program.

The committee reviewed the average expenses and revenues for each lodge as well as processes used for budgeting and requisitions. They also compared the costs by lodge size to find a desired size for sustainability and reviewed the amount of funding provided by the municipalities and Province in order to reach the goal of a sustainable program.

Objective a): Review expenses and revenues by lodge size

Point of Discussion:

HMBs are required to submit audited financial statements to the Housing division of the ministry responsible for the Housing Division within 90 days of their fiscal year end; however, these statements may vary slightly as prior to January 1, 2014 there was no common chart of

accounts. As such, there may be some minor inconsistencies as to how expenses are accounted for on a per lodge basis.

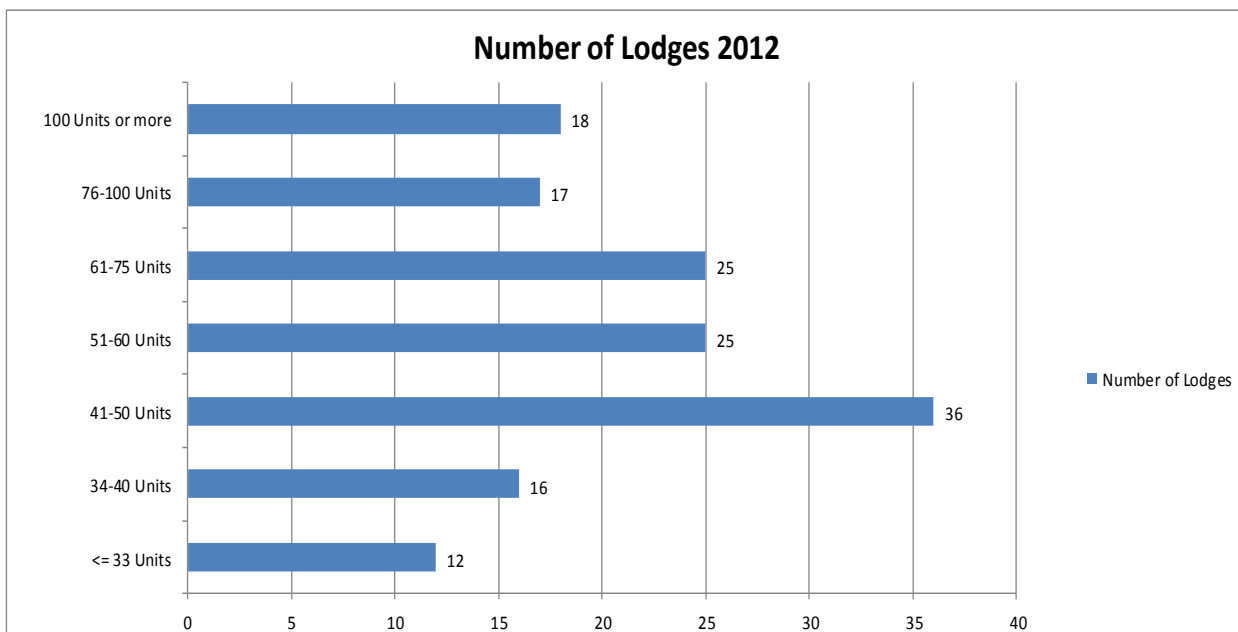
In response, HMBs were asked to submit 2012 costs using a standard chart of accounts established jointly by the division and HMBs. Close to 50 per cent submitted reports, which indicated the audited financial statement numbers to be consistent.



Findings:

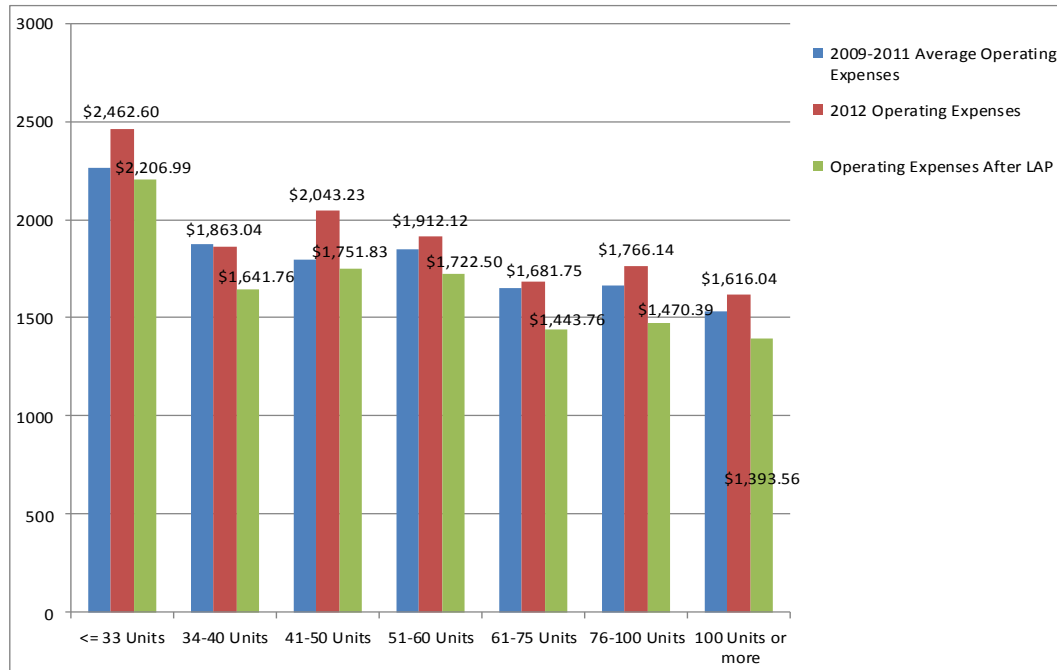
- Chart 2.1 illustrates the distribution of lodges by number of units throughout the province. Over 50 per cent of the lodge portfolio contains 41-75 units. The remaining 50 per cent are almost evenly split between lodges with 40 units or less and large lodges with 76 units or more.

Chart 2.1



Based on 2012 audited financial statements, chart 2.2 displays the monthly expenses per unit per month for various lodge sizes.

Chart 2.2



Monthly Expenses per Unit per Month

61 plus units provide the most cost efficiencies

Findings:

- Cost efficiencies are most realized when lodges are at least 61 units.
- Expenses are noticeably spiked in lodges with 33 units or less. The average operating expenses for lodges under 33 units are \$2,462 per month, \$599 higher per month than the next size category of 34-40 units. After accounting for the provincial LAP grant, it is still over \$500 per unit/month more costly to operate a lodge with less than 33 units.
- According to the committee’s findings, average costs tend to be more consistent amongst mid-sized and large lodges. In 2012, it was only \$65 more expensive (per unit per month) to operate a lodge with 61-75 units than it was for a lodge of over 100 units.

Objective b): Identify optimum lodge size for sustainability, including budget benchmarks.

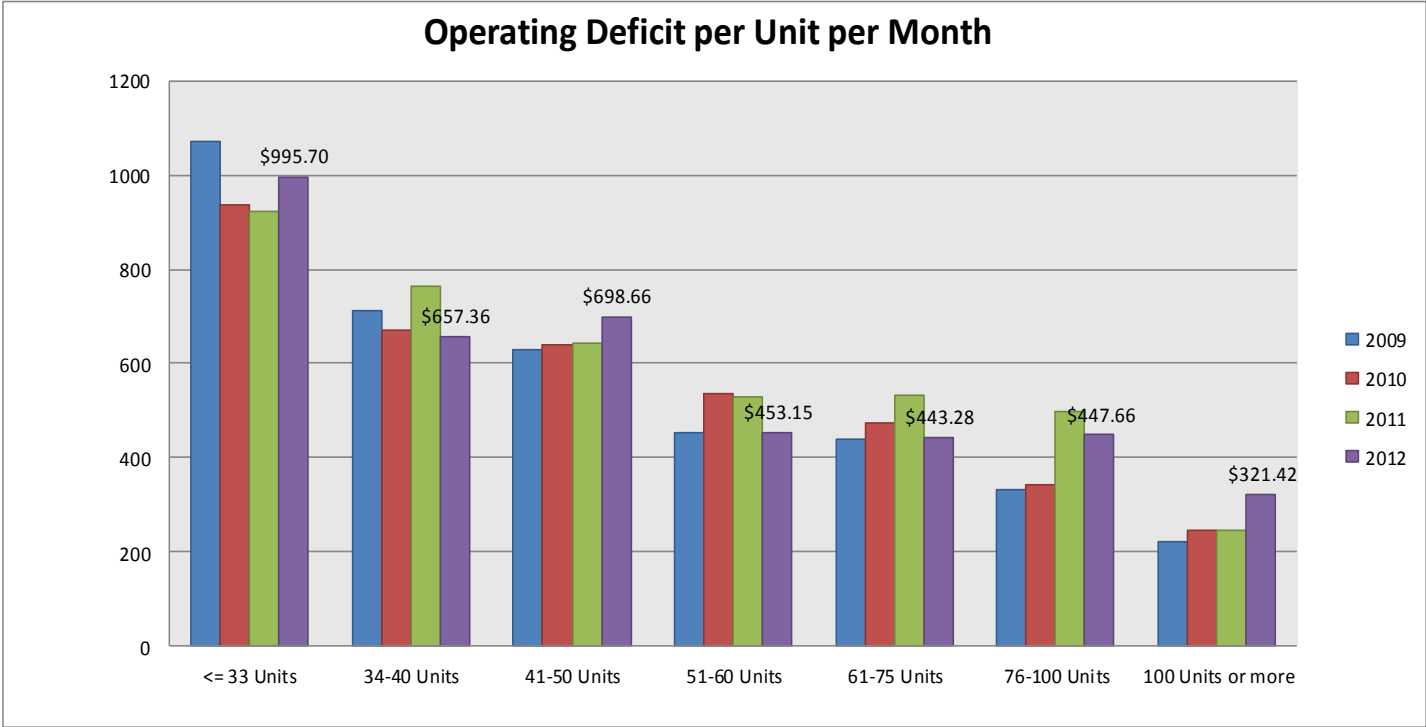
Point of Discussion:

Historically, industry benchmarks have not been established to determine optimum lodge size in terms of long-term operational sustainability.

Findings:

- Based on 2012 audited financial statements, it can be inferred the larger the lodge, the lower the operating deficit. This is due in part to lower overall operating costs and higher revenue.
- Chart 2.3 shows the operating deficit per unit per month for years 2009-2012. This graph indicates lodges with 33 units or less operate at a deficit approximately three times higher than those faced by lodges with 100 units or more. This deficit is due to higher operating expenses, lower revenue and in some cases, higher vacancies.

Chart 2.3



- Based on information presented, a lodge with a minimum of 61 units, charging a lodge rate of \$1,250, and operating costs of \$1,800 per month, should be sustainable with the Province and municipal requisition contributing equal amounts of operating assistance. Chart 2.4
- Looking ahead, lodge budget benchmarks should be modelled after the average costs for facilities with at least 61 units. In 2012 the distribution of expenses for lodges with approximately 61 units was 65 per cent human resources, 17 per cent operating, 11 per cent Utilities, five per cent maintenance and two per cent administration. Chart 2.4

Chart 2.4

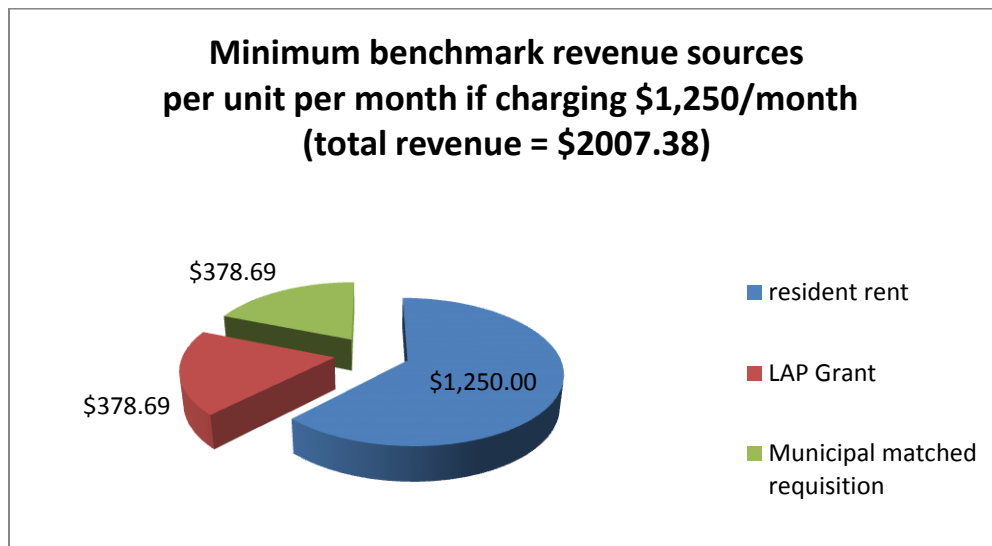
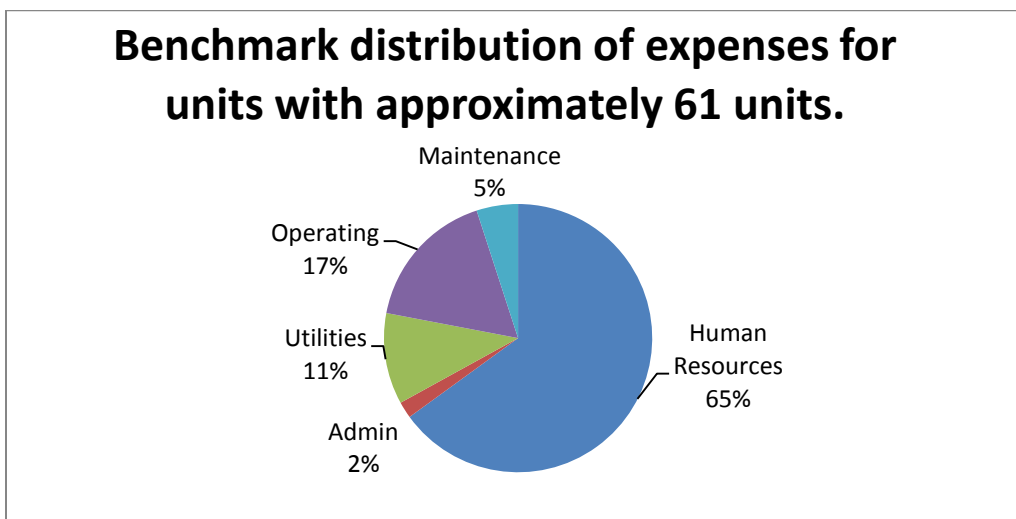


Chart 2.5

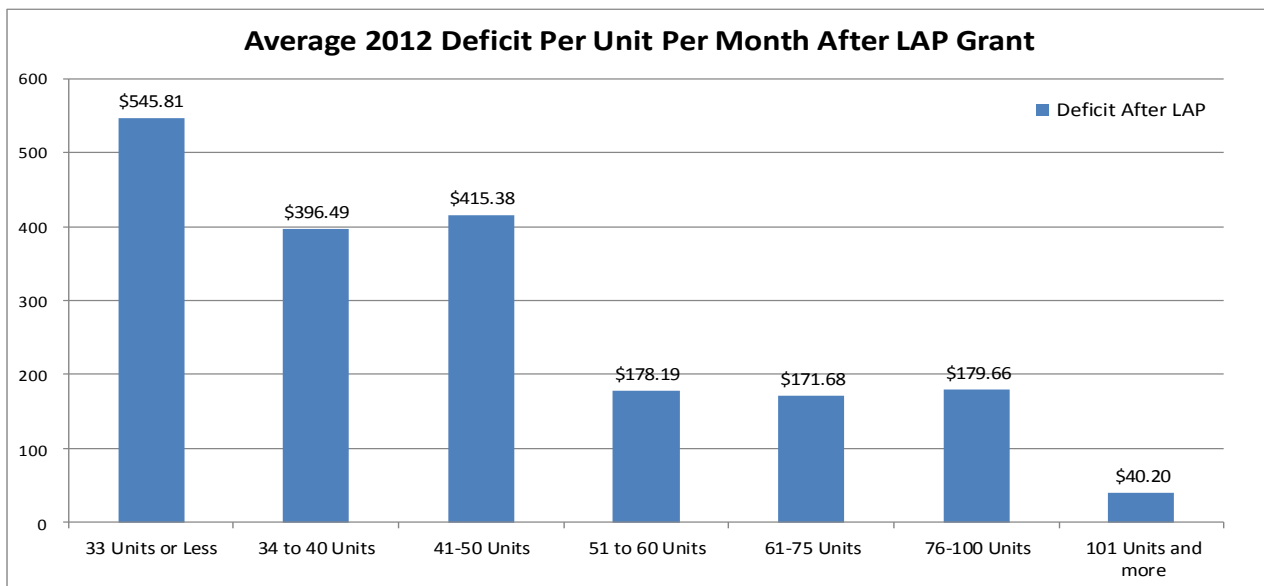


The AUMA requested the Province and municipalities share the lodge operating deficits 50/50. The 2014 LAP grant is \$12.45 per low-income resident per day which equals \$378.69 per month. Based on the 2012 average expenses for lodges, 61 units and higher shown in Chart 2.4, an equal contribution from the Province and municipality added to an affordable lodge rate for the residents would result in a revenue that would not only cover the operating costs, but would also provide funding towards a reserve account.

Residents should cover as much of their housing and services costs as they can afford. Subsidies should not be provided for those who do not require them.

Chart 2.6 depicts the average deficit for the various sized lodges once the Provinces LAP grant has been accounted for.

Chart 2.6



Findings:

- While a lodge of over 100 units may create cost effectiveness and efficiency, a facility of this size is not warranted in most rural areas. Currently, only 30 per cent of lodges with 100 units or more are in rural communities.
- Smaller lodges were built in communities with lower populations. Over the decades, the populations in some of these communities have reduced substantially, resulting in high vacancies in the lodges, and higher operating deficits.

The committee concluded that HMBs should consider increasing facility size as required and possible to improve sustainability as well as provide additional services to the community where possible. Based on 2012 costs, the most economically-viable facility would be

- A minimum of 61 units (can be a mixture of various levels of supportive living, not limited to lodge units) with a room size of approximately 350 sq. ft. with full bath;
- Operating expenses of approximately \$1,800 per month;
- Revenue of at least \$1,200 per unit per month and
- Each lodge should have a restricted reserve account for major maintenance and capital replacement.

Objective c): Identify challenges and exceptions for meeting the optimum lodge size in rural Alberta, including economic impact on communities, and

Objective d): Discuss funding options for the exceptions (smaller and older lodges.)

Point of Discussion:

Rural communities have smaller lodges due to their population base and the desire to maintain a lodge in their community rather than regionalize. Operating efficiencies and economies of scale are more difficult to realize in smaller lodges. These factors combined usually lead to financial pressures borne by their contributing municipalities. Rural lodges may also experience pressure to provide a wider range of services because there are fewer supportive living options.

Findings:

- Smaller lodges (those with 60 units or less) are more expensive to operate than those with more units.
- Currently, the Lodge Assistance Program (LAP) grant provides an additional \$7 per unit/day for lodges with 33 units or less to recognize higher operating and maintenance costs associated with managing smaller lodges. To date, eight lodges in the Province still receive the small lodge grant.
- The need for the Seniors Lodge Program is most apparent in rural communities where other supportive living options are limited.
- The Province recognizes the importance of the existing rural lodges as a local employer in these communities and the services they provide to the residents.

Recommendations:

- 17) The Province increase operational funding for smaller lodges (see Outcome 3, objective (e)).

Outcome 3: Funding model is accountable, transparent, efficient and effective, meeting the needs of communities and residents served.

As the Seniors Lodge Program is geared to low-income seniors, the province and municipalities provide funding to subsidize the operating costs. The Province has provided funding based on various different calculations over the years and municipalities have always been required to cover any operating deficits through a requisition from their local HMB. The current provincial funding formula is a per diem grant based on the number of low-income residents residing in each lodge. Residents with an income above the income threshold, should be charged what they can afford up to the full cost of their accommodations.

Resolutions passed at both the AUMA Convention and AAMD&C in the Fall of 2012 asked for a review of various aspects of the Seniors Lodge Program see appendix iii and iv.

Objective a): Review level of funding provided by the Province for operational and capital purposes over the past 10 years.

Point of Discussion:

Municipalities expressed concerns about inequitable contributions between financial support provided from the Province and the requisition funding forwarded through municipalities.

Findings:

- The Province provides operational funding to the Seniors Lodge Program through the LAP grant. The LAP grant is paid directly to each HMB based on a per diem for each low-income resident and is intended to assist with operating costs as the Seniors Lodge Program is legislated to be affordable for low-income Albertans (column 2 on Chart 3.1)
- The Province also provides capital funding through various provincial programs to make improvements or replace aging facilities which is reported separately (column 3 on Chart 3.1)
- Municipal Requisitions are a total of operational, capital and reserve fund contributions.

- A third funding source from the province not included in the LAP grant is the income support the Province provides to low-income Albertans which enables residents to pay the biggest share of the operating costs of living in a lodge.

Chart 3.1

Funding Provided to Lodges (In Millions)					
Fiscal Year	Operational Funding Provided to Lodges	*Capital Funding Provided to Lodges	Total Provincial Funding	Municipal Requisition	Total Provincial Funding Less Municipal Requisitioning
2004/05	\$ 17.489	\$ 1.600	\$ 19.089	\$ 21.200	\$ (2.111)
2005/06	\$ 26.134	\$ 32.309	\$ 58.443	\$ 23.200	\$ 35.243
2006/07	\$ 30.763	\$ 26.799	\$ 57.562	\$ 24.200	\$ 33.362
2007/08	\$ 27.303	\$ 45.511	\$ 72.814	\$ 27.300	\$ 45.514
2008/09	\$ 29.888	\$ 48.160	\$ 78.048	\$ 30.000	\$ 48.048
2009/10	\$ 29.754	\$ 14.055	\$ 43.809	\$ 34.600	\$ 9.209
2010/11	\$ 32.582	\$ 11.048	\$ 43.630	\$ 42.200	\$ 1.430
2011/12	\$ 34.326	\$ 14.061	\$ 48.387	\$ 46.000	\$ 2.387
2012/13	\$ 31.825	\$ 70.815	\$ 102.640	\$ 46.000	\$ 56.640
2013/14	\$ 36.574	\$ 40.000	\$ 76.574	\$ 48.000	\$ 28.574
Total	\$ 296.638	\$ 304.358	\$ 600.996	\$ 342.700	\$ 258.296

*Includes capital funding provided to lodges from various provincial capital programs over the last 10 years including:

- Seniors Supportive Housing Incentive Program (SSHIP); Healthy Aging Partnership Initiative (HAPI); Rural Affordable Supportive Living (RASL); Affordable Supportive Living Initiative (ASLI); Affordable Housing Initiative (AHI); Capital for Emergent Projects (CEP); and Lodge Repair/Capital Improvements.

Objective b): Review the extent municipalities are requisitioned and increases over the past 10 years.

Point of Discussion:

Section 7 of the AHA states the following in regard to municipal requisitions:

7(1) On or before April 30 in any year a management body that provides lodge accommodation may requisition those municipalities for which the management body provides lodge accommodation for

(a) the amount of the management body's annual deficit for the previous fiscal year arising from the provision of lodge accommodation, and

(b) any amounts necessary to establish or continue a reserve fund for the management body.

- (2) The municipalities requisitioned under subsection (1) may determine the basis on which the total requisition is to be shared, and if the municipalities are unable to make that determination for any year, the total requisition for each year shall be shared on the basis of the proportion that the equalized assessment for each municipality in that year bears to the total of the equalized assessments for that year of all the municipalities requisitioned.*
- (3) If the Minister considers that a municipality that has not been requisitioned under subsection (1) should contribute to the deficit of the management body arising from the provision of lodge accommodation, the Minister may by order direct that the municipality be requisitioned under subsection (1).*
- (4) The management body shall supply a copy of its estimates and a copy of its calculation of the requisitioned amount to the municipality.*
- (5) A municipality shall pay to the management body the amount requisitioned within 90 days after the mailing of the notice by the management body.*
- (6) If after the 90-day period, the amount of the requisition or any portion of it remains unpaid, the municipality shall pay interest in accordance with the regulations to the management body on that unpaid amount, and that unpaid amount and the accrued interest are recoverable as a debt due to the management body.*

Findings:

- Most municipalities are requisitioned for a portion of their local HMBs lodge operating deficit. In 2012, the requisition amounts range from \$0 to over \$4 million, see appendix v.
- The average requisition per unit per month is \$507.65 with ranges from \$0 to \$3,056.
- Municipal requisition amounts include funding for operational costs, capital costs and reserves all in one total (column 4 on Chart 3.1).
- The Provincial vs. municipal contribution rate vary by HMB. In 2012, the Province contributed more than the contributing municipalities to 47 management bodies and the municipality contributed more to 15 management bodies, see Appendix vi.
- The Province does not review or approve lodge budgets. Lodge budgets (including deficits) are approved by each HMB Board.
- Requisitions are not intended to cover any health costs even if those costs are incurred within a lodge.
- 93 per cent of respondents from the October 2013 survey agree municipal requisitions are critical to the success of the Seniors Lodge Program, with 90 per cent of the respondents in support of continuing municipal requisitions.
- 73 per cent of the respondents expressed their member municipalities supported requisitioning.
- Chart 3.1 depicts that since 2004 operational and capital funding provided by the Province has been greater than the amount requisitioned by municipalities.

- Although the analysis shows the Province provides more funding to the lodges than the municipalities, committee discussion revealed that this information is not well-known. As a result, misconceptions as to the Province’s contribution have developed.
- Committee members also voiced the Seniors Lodge Program capital funding has been inconsistent and is therefore difficult for HMBs to develop long-term plans.

Recommendations:

- 18) The Province improve municipal awareness of the financial support provided to the Seniors Lodge Program by the Province and Municipalities.
- 19) The Province establish a funding program to provide consistent capital funding dedicated to the Seniors Lodge Program that is indexed to assist HMBs with long-term planning.

Objective c): Review the extent to which requisitions are used for operational and capital purposes.

Point of Discussion:

The AUMA and AAMDC wanted to review the extent to which requisitions are used for operational and capital purposes as well as discuss HMB borrowing, what could be requisitioned for and approvals required.

Findings:

Although requisitions are intended to cover lodge operating deficits and any amounts necessary to establish or continue a reserve fund for the management body, section 8 of the AHA allows for additional municipal support:

Other municipal contributions

8(1) If a municipality agrees to contribute to the operating costs of any housing accommodation, other than lodge accommodation, provided by a management body, it shall make the contribution agreed to within 90 days after the mailing of the invoice by the management body.

(2) If after the 90-day period, the amount of the contribution or any portion of it remains unpaid, the municipality shall pay interest in accordance with the regulations to the management body on that unpaid amount, and that unpaid amount and the accrued interest are recoverable as a debt due to the management body.

(3) This section applies to agreements entered into either before or after this Act comes into force.

- In 2012, the total lodge requisition paid by the municipalities was \$46 million. All but three lodge operators requisition their member municipalities. The highest annual requisition was \$4.40 million, the average was \$823,000.
 - 10 HMBs requisition between \$0 - \$250,000;
 - 20 HMBs requisition between \$250,001 - \$500,000
 - 8 HMBs requisition between \$500,001 - \$750,000;
 - 4 HMBs requisition between \$750,000 - \$1 million;
 - 5 HMBs requisition between \$1 million - \$1.5 million; and
 - 4 HMBs requisition between \$1,500,001 - \$2 million;
 - 5 HMBs requisition over \$2 million.
- The analysis could not accurately decipher how much of the requisition was used for operational versus capital; however, it could identify the total HMB debt at the beginning of 2012 was \$141.8 million, of which \$9.8 million was paid down by the HMBs leaving a balance of \$132 million. This debt may be paid through lodge revenues, LAP grants, requisitions or a mixture of all.

Housing Management Body (HMB) Borrowing

In regards to HMB borrowing, section 25 of the HMB Operation and Administration Regulation states:

Borrowing

25(1) *Subject to subsection (2), a management body may borrow any sums required to carry out its powers, functions and duties under the Act.*

(2) *A sum borrowed under this section must be repaid, or the loan must be otherwise retired, within the fiscal year in which the loan is made unless*

(a) the Minister approves otherwise, or

(b) the Minister has, on the request of the management body, established a borrowing limit in respect of the management body and the borrowing is within the borrowing limit.

Findings:

- Requests from a HMB to borrow funds beyond one year must be approved by the Minister. Prior to approving each request, the Minister asks for letters of support from all member municipalities for the HMB.
- The audited financial statements indicated that in 2012, 35 HMBs carried debt.
 - Nine HMBs have debt balances between \$86,000 - \$1 million;
 - Six HMBs have debt balances between \$1 - \$2 million;

- Four HMBs have debt balances between \$2 - \$3 million;
- Two HMBs have debt balances between \$3 - \$4 million;
- Seven HMBs have debt balances between \$4 - \$5 million; and
- Seven HMBs have a debt balance over \$7 million.
- The average interest rate of HMB debt is 5 per cent, with rates ranging from 0.5 - 7.16 per cent.

Objective d): Review the number of HMBs requisitioning on an equalized assessment basis in comparison to other formulas.

Point of Discussion:

The resolution brought forward by the AAMD&C asked for a review of the number of HMBs using equalized assessment.

Alberta Housing Act Section 7(2).

"Municipalities requisitioned under subsection (1) may determine the basis on which the total requisition is to be shared, and if the municipalities are unable to make that determination for any year, the total requisition for each year shall be shared on the basis of the proportion that the equalized assessment for each municipality in that year bears to the total of the equalized assessments for that year of all the municipalities requisitioned."

Findings:

- In accordance with the AHA, municipalities have the authority to decide on what basis they share the annual requisition.
- 76 per cent of the respondents from the May 2013 Lodge Accommodation Renewal survey indicated they use an equalized assessment method for establishing the payment of requisitions. The other 24 per cent use a variety of methods, with the next common requisitioning formula being 50 per cent equalized assessment and 50 per cent based on the population.
- The AAMDC requested section 7(2) of the AHA be amended to 50 percent equalized assessment and 50 per cent by population.
- HMB committee members stated equalized assessment for requisitioning is well accepted and felt the regulation enables the HMB board of directors with the authority to determine any other formula in which the total requisition should be shared.

Recommendations:

- 20) The Province review the requisition process further including the default process currently under section 7 of the AHA, when the Act is open for review.

Objective e): Consider changing the Lodge Assistance Program (LAP) from an operating grant to income support through ASB.

Point of Discussion:

LAP is a grant paid to HMBs to assist with lodge operating costs. The current funding formula is based on how many residents in the lodge have an income below a certain threshold. HMBs may use the LAP grant for any purpose; however, in most cases the grant is used to lower an operating deficit.

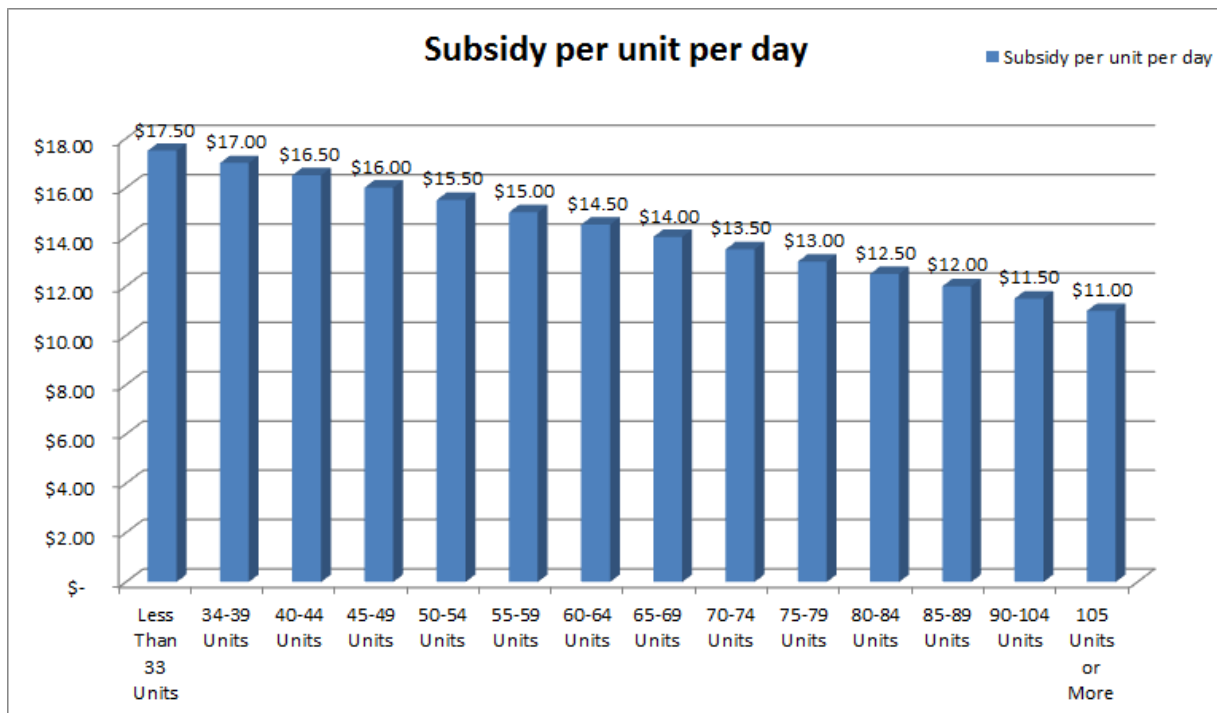
Since the LAP grant is calculated based on a resident's income level, the question was raised whether the grant should be paid directly to the resident as an income support. This may provide residents with more options and discretion to choose which supportive living projects they wish to live in. The Alberta Seniors' Benefit Program is an income support program for low-income seniors. Seniors living in Designated Supportive Living facilities and Long Term Care facilities are provided with additional income support through the Alberta Seniors' Benefit Program to be able to afford the cost of living in those facilities.

Findings:

- There is a strong historical and financial partnership between the Province, municipalities, and HMBs that administer the Seniors Lodge Program.
- With nearly 70 per cent of lodges in rural communities that have no other supportive living facilities available, choice and competition for accommodations does not exist in most locations.
- The committee felt the LAP grant is not intended to be an income support program and therefore, should not be administered like one.
- A review of the current funding formula found that when providing funding based on a per eligible resident per day formula is that the operator does not see any funding for vacant units. Due to the aging infrastructure of the lodge facilities many of the older smaller rooms are remaining vacant, resulting in the operator not only losing rent revenue, but the Lodge Assistance Program grant as well. This discussion led to a review of changing the funding formula to a per unit grant to recognize the grant is intended to assist HMBs with their operating costs.

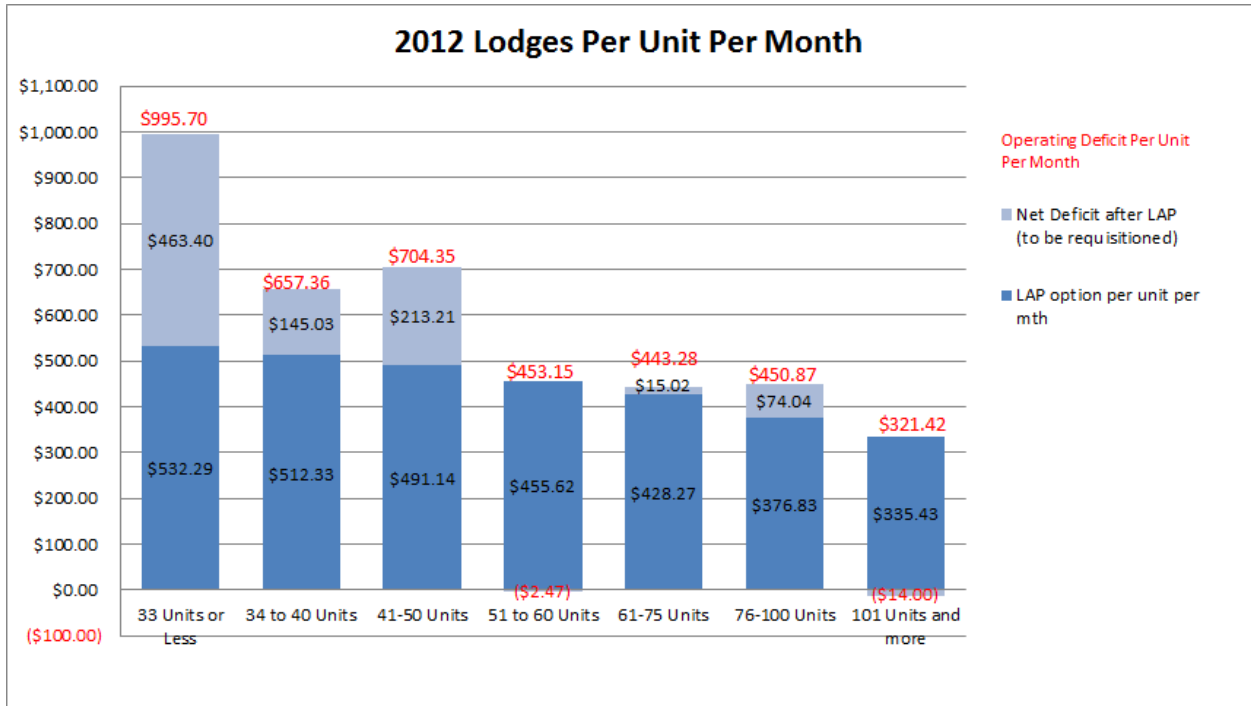
- As previously identified, smaller lodges cost more to operate and larger facilities see greater efficiencies; therefore, a grant of various levels was studied, as shown in chart 3.2.
- The AUMA was seeking a minimum 50/50 cost-shared deficit; therefore, the new funding formula under the Lodge Assistance Program grant per diem being recommended will ensure the grant would cover at least 50 percent of the average operating deficit.

Chart 3.2



This new funding formula provides more funding for the smaller lodges and less for larger lodges. The result has the Province providing more than 50 per cent of the average operating deficit to lodges of all sizes, as shown in chart 3.3.

Chart 3.3



Recommendations:

- 21) The Province amend the LAP grant funding formula from a per eligible resident per day formula to a per unit basis, with the minimum grant being \$11 per unit per day indexed annually thereafter based on the Alberta Consumer Price Index (CPI).
- 22) The Province ensure the LAP grant is at least the same amount as the HMB received in 2014.

Objective f): Review reserves of HMBs (establishment, usage, etc.).

Point of Discussion:

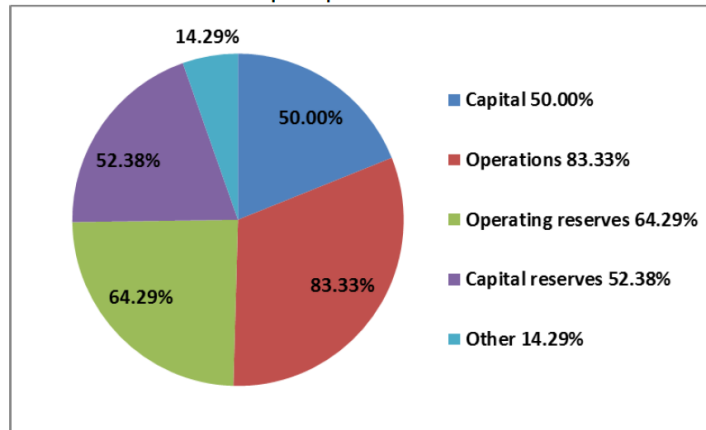
The Province believes that HMBs should have reserve accounts to prepare for the future and wanted a review of how many HMBs had reserves and what they are used for.

Findings:

- At the time of this review, the Province’s data collection did not include a breakdown of what HMBs requisition for (i.e. what portion of the requisition was to cover operating costs, debt servicing, or reserves); however the May 2013 HMB survey indicated that 37 per cent of HMBs requisition for capital reserves.
 - Based on the information reported in the Lodge Accommodation Renewal Survey completed in October 2013, lodge operators believe requisitions should be used for multiple purposes including capital, operations, operating reserves, and capital reserves.
- Chart 3.4

Chart 3.4

What do HMBs believe municipal requisitions should be used for?



Recommendations:

- 23) HMB board of directors maintain local authority to determine the purposes for which they requisition.
- 24) The Province establish a reserve fund policy for HMBs.