

CITY GUIDELINE

Number: 2011-05

Date Issued: September 23, 2011

Effective Date: immediately

The policies and procedures in this City Guideline are to be implemented under the following programs:

☒ **SHRA*, Section 110 Market and RGI****

☒ **Non-Profit Housing Section 95**

☒ **SHRA, Section 110, 100% RGI**

☐ **Rent Supplement Programs**

☐ **Federal Non-Profit Housing Section 26/27**

☐ **Toronto Community Housing Corporation**

Please note: If your program is not checked, this City Guideline does not apply to your project.

**Social Housing Reform Act, **Rent-Geared-to-Income*

Subject: Eligible Capital Reserve Expenditures

Background:

City Guideline 2011-5 replaces City Guideline 2008-6. Changes from the previous version of the City Guideline **are identified in bold** in the body of the City Guideline and by **bold numbers** in Appendix A.

Section 110 Housing Providers

Regulation 339, section 24.(8) of the Social Housing Reform Act (to December 31, 2011), or **Regulation 367, section 98.(7) of the Housing Services Act (as of January 1, 2012)** gives the City of Toronto, as service manager, the authority to determine what expenses can be charged to housing providers' capital reserve funds.

Section 95 Housing Providers

Under the Operating Agreements between housing providers and CMHC, the City of Toronto, as funder, has the authority to determine what expenses can be charged to housing providers' capital reserve funds.

This City Guideline provides the City's rules for allocating expenses to a housing provider's capital reserve or operating fund.

Action Required:

- 1) Housing providers must use capital reserve funds only for the major repair, upgrading or replacement of original/existing building and site components.
- 2) Housing providers must comply with Appendix A attached to this City Guideline when determining which expenditures are to be charged to either operating or capital reserve funds. The following are general rules for using Appendix A:
 - i. Housing providers with up to 100 units in their portfolio must charge all expenditures of less than \$2,000 as operating expenses, unless an item is specifically exempted in Appendix A.
 - ii. Housing providers with more than 100 units in their portfolio must charge all expenditures of less than \$4,000 as operating expenses, unless an item is specifically exempted in Appendix A.
- 3) Housing providers may not group invoices together to create an expense that is large enough to qualify as a capital expense **with the exception of certain "Unit Turnovers". Please refer to Appendix A, section 11.9 for the details.**
- 4) Housing providers may not split invoices to create an expense that qualifies as an operating expense.
- 5) Housing providers must fund new construction or additions of new building components from sources other than the capital reserve.

Exception: Housing providers may charge expenditures for new construction or additions of new building components to the capital reserve fund if:

- they are required to comply with building, fire or municipal codes or other similar directions, and
- the items have been pre-approved by the City of Toronto.

In situations where it is not clear whether an expense qualifies as a capital expense, or, if an item is not listed in Appendix A, contact your Social Housing Consultant before committing or spending funds.

Original Signed

Phillip Abrahams
Director, Social Housing

Appendix A to City Guideline 2011-5

Eligible Capital Reserve Expenditures

UNLESS STATED OTHERWISE:

1-100 total units - all expenditures greater than \$2,000 are capital

100+ total units - all expenditures greater than \$4,000 are capital

1.0 SITE

1.1	Concrete patios	1.8	Parking lots, driveways, sidewalks
1.2	Concrete sidewalks and curbs	1.9	Playground equipment
1.3	Fencing – perimeter & unit	1.10	Retaining walls
1.4	Garbage pad	1.11	Sheds/storage
1.5	Grounds / landscaping	1.12	Sidewalks, stairways, ramps
1.6	Interlocking brick pavers	1.13	Site maintenance equipment
1.7	Miscellaneous (signs, benches, etc.)		

2.0 SITE SERVICES

2.1	Domestic water service	2.4	Natural gas supply
2.2	Electrical power supply	2.5	Sanitary service
2.3	Foundation drainage	2.6	Storm water service

3.0 BUILDING STRUCTURE

3.1	Balcony Decks	3.4	Railing (all types)
3.2	Floor slabs	3.5	Structural walls (load bearing)
3.3	Foundation walls	3.6	Structural columns

4.0 BUILDING EXTERIOR

4.1	Balcony / Terrace/Patio doors	4.6	Exterior wall cladding <i><u>ALL cleaning costs are Operating</u></i>
4.2	Building entry (doors, glass, frames)	4.7	Flashing <i><u>ALL cleaning costs are Operating</u></i>
4.3	Caulking, sealants, weather stripping	4.8	Roof anchors
4.4	Eavestroughs, fascias, soffits, downspouts	4.9	Roofing
4.5	Exterior Painting	4.10	Windows

5.0 PARKING GARAGE

5.1	Carbon Monoxide Detection / Control System	5.7	Ramps
5.2	Columns	5.8	Ventilation/Exhaust System
5.3	Drainage System <i><u>ALL cleaning/vacuuming costs are Operating</u></i>	5.9	Walls
5.4	Heating System	5.10	Floor / Slab
5.5	Lighting fixtures	5.11	Waterproof membrane
5.6	Overhead doors		

6.0 BUILDING INTERIOR

6.1	Accessibility features / modifications	6.12	Handrails – corridors
6.2	Appliances – stoves, refrigerators, washers, dryers, A/C units <i><u>ALL appliance replacements are Capital</u></i>	6.13	Interior doors – within units
6.3	Bathroom accessories – Sinks, tubs, toilets, fixtures, grab or towel bars, wall tiles, tub enclosures, shower stalls and cabinets or vanities	6.14	Kitchen accessories specific to sinks, taps, tile, storage and stove Safe-T- Elements
6.4	Cabinetry/countertops – common/service areas	6.15	Kitchen cabinets and countertops
6.5	Drapes or blinds - common / service areas	6.16	Lockers
6.6	Drapes or blinds – units	6.17	Locks/keying systems
6.7	Entrance door – units	6.18	Maintenance equipment
6.8	Exit stairway/stairwell finishes	6.19	Service or common area doors
6.9	Flooring – Common / service areas	6.20	Suspended Ceiling - common / service areas
6.10	Flooring – units	6.21	Wall & ceiling finishes - Common / service areas
6.11	Furnishings - Common/service areas	6.22	Wall and ceiling finishes–units <i><u>ALL costs are Operating</u></i>

Appendix A to City Guideline 2011-5

Eligible Capital Reserve Expenditures

UNLESS STATED OTHERWISE:

1-100 total units - all expenditures greater than \$2,000 are capital

100+ total units - all expenditures greater than \$4,000 are capital

7.0 ELECTRICAL SYSTEMS

7.1	Baseboard / wall mounted heaters	7.6	Site lighting / pole lighting
7.2	Common and service area lighting	7.7	Suite lighting
7.3	Distribution panels/boxes, wiring – units	7.8	Transformer
7.4	Enterphone or intercom system	7.9	Unit door bells
7.5	Main distribution panel		

8.0 MECHANICAL & PLUMBING

8.1	Air conditioning – chiller	8.13	Make up air units
8.2	Circulating pumps	8.14	Plumbing fixtures and controls
8.3	Common area, laundry room exhaust fans	8.15	Plumbing piping systems
8.4	Domestic cold water supply	8.16	Radiators
8.5	Domestic hot water supply	8.17	Recycle Handling System
8.6	Domestic water storage	8.18	Sanitary and storm drainage system
8.7	Garbage Bins	8.19	Sump Pumps
8.8	Garbage Handling System (compactor, chutes, etc.)	8.20	Unit exhaust fans, range hoods
8.9	Heating boilers	8.21	Baseboard Heaters
8.10	Heating piping / valves	8.22	Incremental Heating/Cooling Units <i><u>Complete replacements are Capital</u></i>
8.11	HVAC – central heating & cooling	8.23	Domestic Hot Water Tanks <i><u>Complete replacements are Capital</u></i>
8.12	Fan coil units	8.24	Furnaces <i><u>Complete replacements are Capital</u></i>

9.0 FIRE, LIFE-SAFETY, SECURITY

9.1	Alarm control panel	9.9	Fire code compliance
9.2	Alarm signal devices	9.10	Fire pumps
9.3	Controlled access system	9.11	Generator & transfer switch
9.4	Detectors – Carbon monoxide, heat, smoke	9.12	Hose and cabinets
9.5	Door operators	9.13	Security alarm systems
9.6	Emergency lighting	9.14	Security camera system
9.7	Exit signs	9.15	Smoke & heat detectors – units

10.0 ELEVATOR

10.1	Elevator upgrades / replacements		
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11.0 OTHER

11.1	Building condition assessments, reserve fund studies, energy audits <i><u>ALL expenditures are Capital</u></i>	11.5	Environmental remediation – mould, asbestos, etc.
11.2	Code compliance – building and property	11.6	Insulation – replace / upgrade
11.3	Computers - hardware, software, internet, wiring, etc. <i><u>ALL expenditures are Operating</u></i>	11.7	Office equipment – leased <i><u>ALL leases are Operating</u></i>
11.4	Energy efficiency initiatives	11.8	Office equipment – purchase
		11.9	Unit Turnovers – Combined expenses (exclusive of replacement of appliances) over \$4,000 to refurbish an individual unit will be classified as capital. The \$4,000 per unit threshold applies to all Housing Providers.