

## CITY GUIDELINE

**Number:** 2002-4

**Date Issued:** December 9, 2002

**Last City Guideline Received:**

**Subject:** Pre-Approval of Capital Replacement Plan

**Effective Date:** April 1, 2003

**Applicable to:**

Section 95 housing providers who are required, under the terms of their operating agreement, to maintain a “replacement reserve” fund.

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**Background:**

Under the terms of their operating agreement, some housing providers must maintain a replacement reserve fund. These providers must receive prior approval from the City of Toronto for all expenses they wish to charge to this fund. The exception to this would be those items listed in their operating agreement.

The City of Toronto encourages housing providers to plan their capital replacements. Housing providers may receive pre-approval of reserve expenses if they submit either a one-year or a three-year capital replacement plan to their Social Housing Consultant. If a housing provider does not submit a replacement plan, they must receive pre-approval on all expenses not listed in their operating agreement.

## Action Required:

### Pre-approval Process Using a One-Year Capital Replacement Plan

1. The plan must include:
  - a brief description of all of the eligible capital items planned for replacement during the period; and
  - the expected costs.
2. Your Social Housing Consultant will review the plan and respond in writing.
3. Your Social Housing Consultant must pre-approve all other expenses not listed in the plan. These will be evaluated individually.

### Emergencies:

Emergency repairs to capital items do not require prior approval if delay would create a health or safety hazard. However, providers must inform their Social Housing Consultant of the emergency within 10 business days.

### Annual reporting:

Housing providers are required to report in their Annual Information Return, on all charges made to the replacement reserve fund.

For more information, or if you have questions, please contact your Social Housing Consultant.

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