



City Guideline – 2023-9: Eligible Capital Reserve Expenditures

Date issued	Effective date
December 18, 2023	January 1, 2024

Applicability to Social Housing Programs

The City Guideline is applicable to the programs indicated in the table below.

Applicability Program

✓	Housing Services Act, Part VII Housing Projects, Market and Rent-Geared-to-Income, Section 78
✓	Housing Services Act, Part VII Housing Projects, 100% Rent-Geared-to-Income, Section 78
	Other alternative mandated units
	Rent Supplement Agreements with the City of Toronto
	Toronto Community Housing Corporation
	Toronto Seniors Housing Corporation

If your program is not checked in the Applicability column, this City Guideline does not apply.

About City Guidelines

Under the authority of the *Housing Services Act, 2011* (HSA), the City of Toronto, Housing Secretariat, City Guidelines and Rent-Geared-to-Income (RGI) Manual are the authority for housing administration and RGI administration for social housing providers in the City of Toronto.

City Guidelines are the City of Toronto's mandatory policies and procedures that social housing providers must follow. City Guidelines are most often issued when a Local Rule is established by the City of Toronto, the Rent-Geared-to-Income (RGI) manual is updated, or other relevant legislative changes or operational requirements occur. City Guidelines which impact RGI have been incorporated into the RGI Manual.

Please see www.toronto.ca/socialhousing for more information.

Background

For HSA, Part VII Housing Projects, Market and Rent-Geared-to-Income, and 100% Rent-Geared-to-Income, Section 78 Housing Providers, Regulation 367/11, section 98 (7) of the HSA gives the City of Toronto, as Service Manager, the authority to determine what expenses can be charged to housing providers' capital reserve funds.

City Guideline 2023-9 replaces City Guideline 2018-5 and updates the City's rules for allocating expenses to a housing provider's capital reserve or operating fund.

Actions required

- 1) The change to the eligible capital reserve expenditures takes effect for fiscal years beginning on or after January 1st, 2024.
- 2) Housing providers must use capital reserve funds only for the major repair, upgrading or replacement of original/existing building and site components.
- 3) 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 **\$3,000** 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 **\$6,000** as operating expenses, unless an item is specifically exempted in Appendix A.
- 4) 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.
- 5) Housing providers may not split invoices to create an expense that qualifies as an operating expense.
- 6) 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 Housing Consultant before committing or spending funds.

Questions

If you have any questions, please contact your Housing Consultant or HSS:

Housing Stability Services

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ORIGINAL SIGNED

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